

**IN THE MATTER OF THE PROPOSAL OF
WHITEMUD RESOURCES INC.
OF CALGARY, ALBERTA**

SECOND AMENDED PROPOSAL

On December 15, 2010, Deloitte & Touche Inc. was appointed by the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "Court") as Receiver and Manager (the "Receiver"), without security, of all of the assets, undertakings and properties of Whitemud Resources Inc. ("Whitemud"), that were acquired for, or used in relation to Whitemud's business, including all proceeds thereof (the "Receivership"). A copy of the Receivership Order can be found on Deloitte's website at www.deloitte.ca under the Insolvency and Restructuring link.

On March 31, 2011, the Court granted an Order (the "March 31 Order") approving the filing of a proposal by the Receiver, on behalf of Whitemud, pursuant to Part III, Division I of the BIA (~~this proposal and the following amendments are hereinafter collectively referred to as the "Proposal"~~). The Proposal was being funded by and had the full support of the Unaffected Secured Creditor (as defined herein). Pursuant to the March 31 Order, the Proposal was lodged with the Office of the Superintendent of Bankruptcy on April 1, 2011, ~~the Proposal was mailed to the creditors of Whitemud on April 7, 2011 and a~~ A general meeting of creditors to consider the Proposal (the "First Meeting of Creditors") was held on April 21, 2011 ~~at 2:00 p.m. at the offices of Bennett Jones LLP in Calgary, Alberta.~~

At the First Meeting of Creditors, the Unaffected Secured Creditor ~~proposed substantial~~ put forward numerous amendments to the Proposal, which would ~~significantly benefit~~ have substantially increased the recovery to Whitemud's creditors ~~of Whitemud.~~ As a result, the Receiver adjourned the The First Meeting of Creditors ~~was adjourned in order~~ that the Proposal, as amended, Trustee could ~~be mailed to receive a copy of and file the Proposal, including the amendments~~ (the creditors of Whitemud.

~~This "Amended Proposal, as amended,"~~ The Amended Proposal was filed with the Office of the Superintendent of Bankruptcy on April 29, 2011. Also at the First Meeting of Creditors, the Unaffected Secured Creditor provided the Receiver with a bank draft in the amount of \$12.995 million, which was anticipated to be an amount sufficient to pay the Debentures (as defined herein) in full.

On May 10, 2011 the Court granted an Order approving payment of the Debentures in full (the "Debenture Payment") and granting the Unaffected Secured Creditor with a second secured

charge over Whitemud's assets in the amount of the Debenture Payment. The Receiver subsequently made the Debenture Payment, which totalled \$12.959 million, with the funds advanced by the Unaffected Secured Creditor.

The Creditors' Meeting was reconvened on May 18, 2011 (the "Reconvened Creditors' Meeting"). Pursuant to the terms of the Amended Proposal, the Regional Municipality of Old Post No. 43 (defined below as the "Affected Secured Creditor"), who has an outstanding claim for property taxes, was the only creditor affected by and eligible to vote on the Amended Proposal. The claims of the Crown, the Preferred Creditors and the Ordinary Unsecured Creditors were to be unaffected by the Amended Proposal and were to be paid in full by the Receiver pursuant to a claims process in the Receivership. At the Reconvened Creditors Meeting the Amended Proposal was accepted by the Affected Creditor.

On June 6, 2011, the Trustee applied to the Court for ratification of the Amended Proposal. Two of Whitemud's Ordinary Unsecured Creditors (the "Objecting Creditors") opposed the application for Court Ratification, with their objection being based, in part, on the fact that the Ordinary Unsecured Creditors had not been allowed to vote on the Amended Proposal. The Court adjourned the application for Court Ratification until June 17, 2011 to allow the Unaffected Secured Creditor to negotiate with the Objecting Creditors.

On June 17, 2011, as a result of the opposition voiced by the Objecting Creditors, the Unaffected Secured Creditor indicated that it intended to further amend the Amended Proposal and to allow all Ordinary Unsecured Creditors to vote thereon. The application for Court Ratification was adjourned to August 12, 2011 to allow for the filing of the Amended Proposal, including further amendments (the "Second Amended Proposal") and the reconvening of the creditors' meeting to consider the Second Amended Proposal.

The Second Amended Proposal is being filed pursuant to the BIA, Part III, Division I, for approval by the Affected ~~Creditor~~Creditors and ratification by the Court with the ~~full intent and hope~~ that Whitemud will be reinstated as a going concern for the benefit of all of its stakeholders, namely: its creditors, employees and shareholders. ~~This~~ The Second Amended Proposal ~~has~~continues to have the full support and backing of the Unaffected Secured Creditor.

PART I INTERPRETATION

1. In ~~this~~ the Second Amended Proposal, unless otherwise stated or unless the subject matter or context otherwise requires, the following terms are defined as follows:

(a) "Administrative Fees and Expenses" means the Receiver's Proper Fees and expenses and the Trustee's Proper Fees and expenses, including legal fees and disbursements ~~(if any)~~ incurred by the Receiver and the Trustee, on or incidental to the administration of the Receivership, the appointment of the Trustee, the negotiations in connection with the preparation of the Proposal, any amendments thereto and any subsequent amended proposals and any proceedings relating to, arising out of, or under the Proposal including the preparation and implementation of the Proposal and any subsequent amended proposals, including bankruptcy proceedings and including advice to Whitemud and including any fees and expenses in connection with the Receiver's duties pursuant to the Receivership Order and the Trustee's duties pursuant to the Proposal and any amended proposals;

(b) "Affected Creditors" means the Affected Secured Creditor and the Affected Unsecured Creditors;

~~(b)~~(c) "Affected Secured Creditor" means the Regional Municipality of Old Post No. 43;

(d) "Affected Unsecured Creditors" means the holders of Crown Claims, the Preferred Creditors and the Ordinary Unsecured Creditors;

~~(c)~~(e) "BIA" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985;

~~(d)~~(f) "Claim(s)" means any right or claim of any Person that may be asserted or made in whole or in part against Whitemud at the Claims Date, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including without limitation, by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present or future, known or unknown, by

guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature including, without limitation, any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future, together with any other rights or claims of any kind that, is a debt provable in bankruptcy within the meaning of the BIA;

~~(e)~~(g) "Claims Date" means December 15, 2010, the date on which the Receiver was appointed;

~~(f)~~(h) "Class "A" Common Shares" means the authorized Class "A" Common Shares of Whitemud;

~~(g)~~(i) "Class "B" Non-Voting Common Shares" means the authorized Class "B" Non-Voting Common Shares of Whitemud;

~~(h)~~(j) "Court Ratification" means (a) the approval of the Second Amended Proposal by Order of the Court having received the report of the Trustee and other relevant information from Whitemud or any interested creditor, and (b) the expiry of all appeal periods in relation to such Order of the Court;

(k) "Creditor Classes" means those creditors who are grouped together, based on commonality of interest who, pursuant to the Second Amended Proposal have been separated into two classes:

(i) the Affected Secured Creditor; and

(ii) the Affected Unsecured Creditors;

~~(i)~~(l) "Crown Claims" means those Claims of Her Majesty in right of Canada or a Province coming within Section 60(1.1) of the BIA;

~~(j)~~(m) "Debentures" means the 12% Convertible Secured Subordinated Debentures of Whitemud due July 31, 2012 issued under the Trust Indenture;

~~(k) "Debenture Holders" means the holders of the Debentures;~~

(n) "Dividend Fund" means the lesser of (i) the sum of the total Proven Claims of arm's length Ordinary Unsecured Creditors plus the Levy, and (ii) \$700,000, which will be held by the Trustee for the benefit of the arm's length Ordinary Unsecured Creditors. This sum will be paid to the Trustee by bank draft or bank

letter of credit by the Unaffected Secured Creditor upon the filing of the Second Amended Proposal, which amount shall be added to the Third Secured Debt;

~~(h)~~(o) "Filing Date" means the date on which the Proposal was originally lodged with the Office of the Superintendent of Bankruptcy, namely April 1, 2011;

~~(m)~~(p) "First Secured Debt" means the debt owed by Whitemud to the Unaffected Secured Creditor that is subject to a first secured charge, ranking only behind the Receiver's Borrowings, on the property, assets and ~~undertaking~~undertakings of Whitemud, which the Unaffected Secured Creditor has acquired from Canadian Western Bank;

~~(n)~~(q) "GST" means goods and services tax payable pursuant to the Excise Tax Act (Canada);

~~(o)~~(r) "Levy" means the levy payable to the Superintendent of Bankruptcy pursuant to Section 147 of the BIA;

~~(p)~~(s) "Ordinary Unsecured Creditors" means those ~~persons~~Persons with Claims that are proved in respect of debts and liabilities present or future to which Whitemud was subject at the Filing Date or to which Whitemud may become subject by reason of any obligations incurred before the Filing Date, or after the Filing Date (including Claims that arose or may arise at any time by virtue of the disclaiming of any contracts by the Receiver), except for those Claims:

(i) that are by the Unaffected Secured Creditor;

(ii) that are Crown Claims;

~~(#)~~(iii) that are by the Affected Secured Creditor;

~~(iii) — that are Crown Claims;~~

(iv) that have been finally and conclusively disallowed or found by the Court not to be provable Claims;

(v) that are by Preferred Creditors; or

(vi) that are for Administrative Fees and Expenses;

~~(q)~~(t) "Person" is to be broadly interpreted and includes any individual, firm, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, government

authority or any agency, officer or instrumentality thereof or any other entity, wherever situated or domiciled, and whether or not having legal status;

~~(+)~~(u) "Post Filing Goods and Services" means in respect of ~~this~~the Second Amended Proposal the goods supplied or services rendered to Whitemud after the Filing Date and prior to Court Ratification;

~~(s)~~(v) "Post Ratification Goods and Services" means in respect of ~~this~~the Second Amended Proposal the goods supplied or services rendered to Whitemud after Court Ratification;

~~(t)~~(w) "Preferred Creditors" means those persons with Claims that are provable and proved under the BIA and which are required by Section 136 of the BIA to be paid in priority to the Claims of Ordinary Unsecured Creditors;

~~(u)~~(x) "Proven Claim" means a Claim by ~~the~~an Affected Creditor that has been accepted by the Trustee;

~~(v)~~(y) ~~"Receivership Claims Process" means a process, to be approved by the Court, for determining and paying Claims whereby the remaining Unaffected Claims shall be paid in full within three months of Court Ratification;~~"Receiver's Borrowings" means the amount advanced to the Receiver pursuant to Receiver's Certificates (as such term is defined in the Receivership Order), which are secured by a first charge on Whitemud's assets;

~~(w)~~(z) "Receiver's Proper Fees" means the time charges incurred, at normal hourly rates, by the Receiver or its duly appointed successor or successors appointed under or in connection with the carrying out of its duties pursuant to the Receivership Order;

(aa) "Second Secured Debt" means the sum of approximately \$12.959 million which amount was provided by the Unaffected Secured Creditor to the Receiver for the purpose of making the Debenture Payment;

(bb) "Third Secured Debt" means the total of the amounts secured by a third charge debenture on the property, assets and undertaking of Whitemud (ranking in priority only behind the Receiver's Borrowings, the First Secured Debt and the Second Secured Debt), being funds advanced by the Unaffected Secured Creditor: (i) on account of the Dividend Fund, (ii) to pay the costs necessary to

allow Whitemud to have lifted the cease trade orders against it and (iii) to pay up to a maximum of \$500,000 of Post Ratification Goods and Services;

~~(x)~~(cc) "Trust Indenture" means the Trust Indenture dated August 6, 2009 between Whitemud and Olympia Trust Company, as Trustee;

~~(y)~~(dd) "Trustee" means Deloitte & Touche Inc. or its duly appointed successor or successors appointed under or in connection with the carrying out of ~~this~~the Second Amended Proposal;

~~(z)~~(ee) "Trustee's Proper Fees" means the time charges incurred, at normal hourly rates, by the Trustee or its duly appointed successor or successors appointed under or in connection with the carrying out of ~~this~~the Proposal; and all subsequent amended proposals; and

~~(aa) "Unaffected Claims" means all Claims, including Claims of the Unaffected Secured Creditor, Crown Claims, Claims of the Debenture Holders, Claims of Preferred Creditors, Claims of the Ordinary Unsecured Creditors but excluding the Claim of the Affected Creditor;~~

~~(bb)~~(ff) "Unaffected Secured Creditor" means Kasten Energy Inc., the holder of the First Secured Debt; and the Second Secured Debt.

~~(cc) "Working Capital Loan" means the loan of \$1,000,000 to be made by the Unaffected Secured Creditor, of which \$200,000 was paid to the Receiver on the Filing Date, with the balance to be paid in cash to Whitemud upon Court Ratification, such funds to be used: (i) to pay the Administrative Fees and Expenses, (ii) to provide working capital to allow Whitemud to operate, maintain and preserve its assets, and (iii) to allow Whitemud to take the steps necessary to allow it to have lifted the cease trade order issued against it by the Alberta Securities Commission on December 3, 2010.~~

PART II

TIMING AND PAYMENT OF CLAIMS

Crown Claims

~~2. THAT all Crown Claims will be Unaffected Claims in the Proposal.~~

Affected Secured Creditor

2. THAT upon Court Ratification, the Proven Claim of the Regional Municipality of Old Post No. 43 shall be paid in full with funds to be provided to the Receiver by the Unaffected Secured Creditor, which amount shall be added to the First Secured Debt.

Crown Claims

3. THAT all Crown Claims incurred after the Filing Date and before Court Ratification shall be paid in full by the Receiver as they become due.

4. THAT, unless the Crown consents to an extension of the time allowed, all Crown Claims ~~incurred prior to the Filing Date~~ shall be paid in full ~~by the Receiver~~ within ~~threesix~~ months ~~of~~after Court Ratification, ~~as set out in the Receivership Claims Process,~~ with funds provided to the Receiver by the Unaffected Secured Creditor, and which amount shall be added to the First Secured Debt.

~~Affected Creditor~~

~~5. THAT upon Court Ratification, the Affected Creditor and the Levy will be paid in full with funds provided to the Receiver by the Unaffected Secured Creditor, which amount shall be added to the First Secured Debt.~~

Preferred Creditors

~~6. THAT all Claims of Preferred Creditors will be Unaffected Claims in the Proposal.~~

~~7. THAT all Claims of Preferred Creditors, including wages, salaries, commissions or compensation, for services rendered before the Filing Date shall be paid in full by the Receiver within three months of Court Ratification, as set out in the Receivership Claims Process, with funds being provided to the Receiver by the Unaffected Secured Creditor, which amount shall be added to the First Secured Debt.~~

~~8. THAT all Claims of Preferred Creditors, including wages, salaries, commissions or compensation, for services rendered after the Filing Date and before Court Ratification shall be paid in full by the Receiver, who will continue to manage the operations of Whitemud during that period; and~~

9.5. THAT all Claims of Preferred Creditors, including wages, salaries, commissions or compensation, for services rendered after Court Ratification shall be paid by Whitemud in the ordinary course of business.

Debenture Holders

~~10. THAT all Claims of Debenture Holders will be Unaffected Claims in the Proposal.~~

~~6. THAT the Debentures no interest shall be paid in full by the Receiver subject to the Receiver obtaining Court approval for the payment of the Debentures on charged by or before Court Ratification paid to Preferred Creditors after the Filing Date.~~

~~11. THAT Preferred Creditors shall be paid in full as set forth in Section 136(1) of the BIA in priority to all claims of the Ordinary Unsecured Creditors with funds being provided to the Receiver/Trustee by the Unaffected Secured Creditor.~~

~~12. THAT the Unaffected Secured Creditor has deposited with the Receiver the sum of \$12,995,000, (which amount is anticipated to shall be sufficient added to pay the Debentures in full.~~

~~13.7. THAT upon Court approval of both the Receiver paying the Debentures in full from funds provided by the Unaffected First Secured Creditor and Whitemud granting security Debt owing to the Unaffected Secured Creditor in respect of the amount required to pay the Debentures in full, Whitemud shall grant to the Unaffected Secured Creditor a second charge debenture (ranking in priority only behind the First Secured Debt) for the amount advanced by the Unaffected Secured Creditor to pay the Debentures (the "Second Secured Debt"), as follows:~~

Ordinary Unsecured Creditors

~~(a) THAT all Claims of employees and former employees of Whitemud shall be paid, immediately upon Court Ratification, amounts equal to the amounts that they would be qualified to receive under Section 136(1) of the BIA if Whitemud became bankrupt on the Filing Date, subject to set-off against any amount which any such employee or former employee may owe to Whitemud;~~

~~(b) wages, salaries, commissions or compensation for services rendered after the Filing Date and before Court Ratification will be paid in full by the Receiver, who will continue to manage the operations of Whitemud during that period; and~~

~~(c) wages, salaries, commissions or compensation for services rendered after Court Ratification will be paid by Whitemud in the ordinary course of business.~~

~~14. Ordinary Unsecured Creditors will be Unaffected Claims in the Proposal.~~

~~8. THAT, subject to the Levy, all Proven Claims of the Ordinary Unsecured Creditors shall be, excluding those of non-arm's length creditors, will receive payment from the Dividend Fund on the following basis: (i) payment of the lesser of the amount of their Claim or \$1,500; and (ii) as to the balance of their Claim, if any, after deducting the cash payment referred to in (i) above, each Ordinary Unsecured Creditor will receive its *pro rata pari passu* share of the remaining amount of the Dividend Fund, to be paid in full by the Receiver within three months of Court Ratification, as set out in of the Receivership Second Amended Proposal.~~

~~9. THAT the Claims Process, with funds provided of all non-arm's length creditors are postponed pursuant to section 137 of the Receiver BIA.~~

~~10. THAT no interest shall be charged by or paid to Ordinary Unsecured Creditors after the Filing Date.~~

~~15.11.~~ THAT upon filing, the amount of the Dividend Fund shall be paid by the Unaffected Secured Creditor. to the Trustee for distribution in accordance with the Second Amended Proposal and the BIA, such payment to be made by way of the depositing of a bank draft or a bank letter of credit with the Receiver.

~~16.~~ THAT the Unaffected Secured Creditor has deposited with the Receiver one or more letters of credit totalling \$2,300,000, which amount is anticipated to be sufficient to pay the estimated Crown Claims, the estimated Claims of the Preferred Creditors and the estimated Claims of the Ordinary Unsecured Creditors in full.

Administrative Fees and Expenses

~~17.12.~~ THAT, notwithstanding anything to the contrary in the Second Amended Proposal, payment of all Administrative Fees and Expenses shall be made in priority to all Claims of the Affected ~~Creditor~~Creditors. All of the Administrative Fees and Expenses shall be paid by ~~Whitemud out of the proceeds of the Working Capital Loan to be advanced to Whitemud~~funds provided by the Unaffected Secured Creditor, which amounts shall be added to and become part of the First Secured Debt.

Goods and Services

~~18.13.~~ THAT Claims arising in respect of Post Filing Goods and Services (except for Claims that arose or may arise at any time by virtue of the disclaiming of any contracts by the Receiver) shall be paid in full by the Receiver, who will continue the operations and preserve the assets of Whitemud after the Filing Date and before Court Ratification.

~~19.14.~~ THAT Claims arising in respect of Post Ratification Goods and Services (except for Claims that arose or may arise at any time by virtue of the disclaiming of any contracts by the Receiver prior thereto) shall be paid in full by Whitemud in the ordinary course of business.

Timing of Payments

~~20.~~ THAT the Unaffected Secured Creditor shall fund the Proposal by providing the Working Capital Loan, of which \$200,000 has been paid to the Receiver in cash on the Filing Date, with the balance to be paid in cash to Whitemud upon Court Ratification and by providing the necessary funds to pay out the Affected Creditor in full.

PART III
UNAFFECTED SECURED CREDITOR

~~Working Capital Loan from the~~ **Unaffected Secured Creditor Funding**

~~15.~~ THAT upon Court Ratification, the Unaffected Secured Creditor shall ~~advance the remaining amount due under the Working Capital Loan to Whitemud (i) to pay the fund:~~

~~(a) all outstanding~~ Administrative Fees and Expenses, ~~(ii) to provide working capital to allow it to maintain;~~

~~(b) the repayment of the Receiver's Borrowings; and preserve its assets,~~

~~(c) the amounts required to pay the Proven Claims of the Affected Secured Creditor, the Crown and (iii) to allow it to take the Preferred Creditors.~~

~~21-16.~~ THAT following Court Ratification, the Unaffected Secured Creditor shall fund (i) the steps necessary to allow ~~it~~ **Whitemud** to have lifted the cease trade order issued against Whitemud by the Alberta Securities Commission on December 3, 2010, ~~and (ii) the Post Ratification Goods and Services.~~

~~17.~~ THAT upon funding of the required amounts by the Unaffected Secured Creditor and Court Ratification, the amount advanced by the Unaffected Secured Creditor to (i) pay the Administrative Fees and Expenses, (ii) to pay the Proven Claims of the Affected Secured Creditor, the Crown and the Preferred Creditors and (iii) to repay the Receiver's Borrowings shall be added to the First Secured Debt.

Third Charge Debenture Granted to the Unaffected Secured Creditor

~~22-18.~~ THAT upon funding of the required amounts by the Unaffected Secured Creditor and Court Ratification, Whitemud shall grant to the Unaffected Secured Creditor a third charge debenture (ranking in priority only behind the First Secured Debt and the Second Secured Debt) for the amount advanced by the Unaffected Secured Creditor ~~to pay the Claims of the Ordinary Unsecured Creditors and the Working Capital Loan on account of the Dividend Fund, the costs necessary to allow Whitemud to have lifted the cease trade order against it and up to a maximum of \$500,000 of Post Ratification Goods and Services.~~

Issuance of Shares to the Unaffected Secured Creditor

~~23-19.~~ THAT upon Court Ratification, in further consideration for its agreement to fund the

payments required to be made by it (~~including the Working Capital Loan~~) and for having taken the initiative in creating ~~this~~the Proposal and all subsequent amendments thereto to have Whitemud reinstated as a going concern for the benefit of all of its stakeholders (being its employees, its creditors and its shareholders), the Unaffected Secured Creditor (or its nominee or nominees) shall be issued 16,000,000 Class "A" Common Shares and ~~110,184,100~~326,499,700 Class "B" Non-Voting Common Shares. As a result, the current shareholders of Whitemud will continue to own 52.98% of the issued Class "A" Common Shares (being ~~12.505.00~~12.505.00% of all of the issued shares).

PART IV AMENDMENTS

~~24.~~20. THAT the Second Amended Proposal may be amended by Whitemud or the Trustee at any time prior to or at the ~~continuation of the First Meeting~~meeting of Creditors (being the statutory meeting of the creditors to be held to consider the Proposal, as amended), provided that any such amendments shall be considered by Whitemud to be in the best interests of the creditors. The Second Amended Proposal may be amended or further amended by Whitemud after the ~~First Meeting~~said meeting of Creditors:

- (a) ~~if~~if the amendment is non-substantive in nature or in the interest of all of the creditors of Whitemud, with the approval of the Inspectors only;
- (b) upon a vote conducted by the Trustee at a further meeting of creditors; and/ or
- (c) upon approval of the Court.

PART V MEETING OF CREDITORS

~~25.~~21. THAT the Second Amended Proposal will only be deemed to have been accepted by the creditors if ~~the Affected~~two-thirds in value and a majority in number of both Creditor ~~has~~Classes have voted in favour of the Second Amended Proposal. ~~For greater clarity, the Affected Creditor will be the only creditor eligible to vote on the Proposal.~~

~~26.~~22. THAT at the ~~continuation of the First Meeting of Creditors (being the~~ statutory meeting of the creditors to be held to consider the Second Amended Proposal),; the creditors may appoint one but not exceeding a total of five inspectors under the Second Amended Proposal whose duties shall be restricted to:

- (a) advising the Trustee concerning any dispute, which may arise as to the validity of the claim of any creditor under ~~this~~the Second Amended Proposal; ~~and.~~

- (b) advising the Trustee in respect of such matters as may be referred to the Inspectors by the Trustee.

PART VI TRUSTEE AND RECEIVER

~~27.~~23. THAT Deloitte & Touche Inc., Licensed Trustee, shall be the Trustee acting under the Second Amended Proposal.

~~28.~~24. THAT the Trustee is acting in its capacity as Trustee and not in its personal capacity and no officer, director, employee or agent of the Trustee shall incur any obligations or liabilities in connection with ~~this~~the Second Amended Proposal or in connection with the business or liabilities of Whitemud.

~~29.~~25. THAT the Receiver is acting in its capacity as Receiver and not in its personal capacity and no officer, director, employee or agent of the Receiver shall incur any obligations or liabilities in connection with ~~this~~the Second Amended Proposal or in connection with the business or liabilities of Whitemud.

~~30.~~26. THAT all monies payable under the Second Amended Proposal to the Affected ~~Creditor~~Creditors, shall be paid over to the Trustee who shall make the payment thereof to the Affected ~~Creditor~~Creditors as set out herein.

~~31.~~27. THAT upon making the payments and distributions contemplated in Part II of ~~this~~the Proposal ~~to the Affected Creditor~~, the Second Amended Proposal shall be fully performed and the Trustee and Receiver shall be entitled to apply for their respective discharges as Trustee and Receiver. For greater certainty, neither the Trustee nor the Receiver will be responsible or liable for any obligations of Whitemud and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred upon it by ~~this~~the Second Amended Proposal unless such acts have been carried out in bad faith and constitute a wilful or wrongful act or default.

PART VIII MISCELLANEOUS

~~32.~~28. THAT the Trustee or Whitemud may apply to the Court for direction from time to time.

~~33.~~29. THAT as part of the ~~Receivership Claims Process~~process of proving their claims, all ~~of the creditors of each and every class shall be under a duty to~~Ordinary Unsecured Creditors shall take all normal and customary steps to mitigate their respective damages.

~~34. THAT all Claims to which the Receivership Claims Process applies shall be subject to all of the normal and customary rights of determination by the Receiver acting reasonably.~~

Releases

~~35-30.~~ THAT all Claims of creditors against the former officers or directors of Whitemud that arose prior to the Filing Date and that related to the obligations of Whitemud where the directors are by law liable in their capacity as officers or directors for the payment of such obligations, shall be compromised and satisfied in full upon Court Ratification and the performance by Whitemud of its obligations under the Second Amended Proposal.

~~36-31.~~ THAT the Affected CreditorCreditors will accept the distribution in the Second Amended Proposal herein as full settlement and complete satisfaction of ~~its Claim~~their Claims.

Consents, Waivers and Agreements

~~37-32.~~ THAT upon Court Ratification, the Affected CreditorCreditors will be deemed to have consented and agreed to all of the provisions of the Second Amended Proposal in its entirety. The Affected CreditorCreditors will be deemed to have waived any default by Whitemud in any provision express or implied or in any agreement existing between the Affected CreditorCreditors and Whitemud that occurred on or prior to the Filing Date. The Affected CreditorCreditors will be deemed to have agreed that, to the extent that there is any conflict between the provisions of any such agreement and the provisions of the Second Amended Proposal, the provisions of the Second Amended Proposal take precedence and priority and the provisions of any such agreement are amended accordingly.

Binding Effect

~~38-33.~~ THAT the provisions of the Second Amended Proposal shall be binding on the Affected CreditorCreditors, Whitemud and their respective heirs, executors, administrators, personal and legal representatives, successors and assigns upon Court Ratification.

PART IX

APPOINTMENT OF NEW DIRECTORS

~~39-34.~~ THAT upon Court Ratification, a new board of directors of Whitemud shall be appointed consisting of five (5) directors, of which two (2) shall be appointed by the Unaffected Secured Creditor and three (3) shall be independent third parties (the "New Directors"). The New Directors shall hold office until the next general annual meeting of Whitemud's shareholders.

PART X
ANNULMENT OF PROPOSAL

~~40.35.~~ THAT Whitemud covenants and agrees that time shall be of the essence in the Second Amended Proposal, and in the event that any term, covenant or provision herein is not fully performed at the time and in the manner specified, each such deficiency shall constitute a default in the performance of a provision of the Second Amended Proposal, and, subject to Section 62.1 of the BIA, Whitemud shall consent to any application for annulment of ~~this~~ the Second Amended Proposal.

44.36. If the Second Amended Proposal is annulled by an Order of the Court, all payments made pursuant to the terms of the Second Amended Proposal will reduce the Claims of the respective creditors of Whitemud to whom the payments were made.

DATED at Calgary, Alberta, this ~~29th~~ 11th day of ~~April~~ July, 2011.

**DELOITTE & TOUCHE INC. IN ITS SOLE CAPACITY AS COURT APPOINTED RECEIVER
AND MANAGER OF WHITEMUD RESOURCES INC. AND NOT IN ITS PERSONAL
CAPACITY**

By: _____
~~Authorized Signatory~~ Victor P Kroeger
Senior Vice President