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COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF(S)	CANADIAN WESTERN BANK
DEFENDANT(S)	WHITEMUD RESOURCES INC.
DOCUMENT	FOURTH REPORT OF THE COURT APPOINTED RECEIVER AND MANAGER OF WHITEMUD RESOURCES INC.

DATED December 8, 2011

PREPARED BY DELOITTE & TOUCHE INC.

**ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT**

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Introduction and Background

Introduction

1. On December 15, 2010, Deloitte & Touche Inc. was appointed by the Court of Queen's Bench of Alberta, Judicial District of Calgary, as Receiver and Manager (the "Receiver"), without security, of all of the assets, undertakings and properties of Whitemud Resources Inc. ("Whitemud" or the "Company"), that were acquired for, or used in relation to the Company's business, including all proceeds thereof. A copy of the Receivership Order and the subsequent Amending Order, also granted on December 15, 2010 (collectively the "Receivership Order"), can be found at www.deloitte.ca under the Insolvency and Restructuring link.
2. On March 31, 2011, the Court granted an Order authorizing the Receiver to file a proposal, on behalf of Whitemud, pursuant to Part III, Division I of the *Bankruptcy and Insolvency Act* (the "Proposal"). The Proposal was filed with the Office of the Superintendent of Bankruptcy on April 1, 2011, with Deloitte acting in a dual capacity as both Receiver and as Proposal Trustee (the "Trustee").

Background

3. The Receivership Order was the result of an application by Canadian Western Bank, which held registered security over all of the Company's assets, undertakings and properties that were acquired for, or used in relation to Whitemud's business, including all proceeds thereof (the "CWB Security"). Kasten Energy Inc. ("Kasten") subsequently purchased the CWB Security.
4. Whitemud had also issued 12% convertible secured subordinated debentures which, as at the date of receivership, had an outstanding principal balance of \$10.5 million (the "Debentures"), pursuant to a trust indenture dated August 6, 2009 (the "Indenture"). Olympia Trust Company ("Olympia") acted as trustee pursuant to the Indenture and held security, registered subsequent to the CWB Security, over all of Whitemud's present and after acquired property. On May 10, 2011, the Court granted an Order approving a distribution to Olympia representing payment in full of the Debentures (the "Debenture Payment") and granting to Kasten a second-place secured charge over Whitemud's property in the amount of the Debenture Payment (the "Debenture Security"). The Receiver subsequently made the Debenture Payment with funds advanced by Kasten. (the amount due to Kasten pursuant to its purchase of the CWB Security and the granting of the Debenture Security will hereafter be referred to as the "First Secured Debt").

5. The first report of the Receiver dated March 23, 2011 (the "First Report") and the Receiver's confidential supplement to the First Report dated March 28, 2011 were both filed in support of the Receiver's application to this Honourable Court on March 31, 2011, at which time the Court approved the Receiver filing the Proposal on behalf of Whitemud.
6. The meeting of creditors to consider the Proposal (the "Creditors' Meeting"), held on April 21, 2011, was adjourned as a result of Kasten putting forward numerous amendments (the "Amendments") to the Proposal. The Proposal, including the Amendments (the "Amended Proposal"), was filed with the Office of the Superintendent of Bankruptcy on April 29, 2011.
7. The second report of the Receiver, dated May 6, 2011, was filed in support of the Receiver's application to this Honourable Court on May 10, 2011, at which the Court granted an Order approving the Debenture Payment and the Debenture Security.
8. 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 (the "Affected Creditor"), who had an outstanding claim for property taxes, was the only creditor affected by and eligible to vote on the Amended Proposal. The Crown and Whitemud's preferred and ordinary unsecured creditors were to be paid in full pursuant to a claims process in the receivership (the "Receivership Claims Process"). At the Reconvened Creditors Meeting, the Amended Proposal was accepted by the Affected Creditor.
9. The Trustee subsequently made an application on June 6, 2011 seeking Court ratification of the Amended Proposal (the "Ratification Application") with the Receiver making a concurrent application for Court approval of the Receivership Claims Process. The Ratification Application was opposed by two of Whitemud's unsecured creditors, Trimac Transportation Services LP ("Trimac") and Bulk Plus Logistics Limited Partnership ("Bulk Plus"). The objections of Trimac and Bulk Plus were based on the fact that certain claims related to the termination of agreements between themselves and Whitemud had not yet been determined. In addition, Trimac and Bulk Plus believed that they were not unaffected in the context of the Amended Proposal and that they, and all other unsecured creditors, were entitled to vote on and participate in the Amended Proposal, rather than having their claims dealt with pursuant to the Receivership Claims Process.
10. Based on the opposition of both Trimac and Bulk Plus, the Ratification Application was adjourned until August 12, 2011 in order for Kasten to file further amendments to the Amended Proposal (the "Second Amended Proposal"), such that the Crown, the preferred creditors and the ordinary unsecured creditors would now be affected by the Second Amended Proposal.

11. The third report of the Receiver, dated June 23, 2011, was filed in support of the Receiver's application to this Honourable Court on June 28, 2011, at which time the Receiver provided an update to the Court regarding the Amended Proposal and sought authorization from the Court to take the procedural steps associated with the filing of the Second Amended Proposal and the return of certain letters of credit and trust funds held pursuant to a Trust Agreement between Kasten, the Receiver and the Proposal Trustee.
12. The Second Amended Proposal was approved at a meeting of creditors held on July 21, 2011 and was ratified by the Court on August 12, 2011 ("Court Ratification"). Following Court Ratification, control of Whitemud's operations was transitioned from the Receiver back to Whitemud, under the direction of five interim directors appointed pursuant to the Order for Court Ratification, which further provided that Kasten was responsible for carrying out the terms of the Second Amended Proposal, except for certain payments to be made by the Receiver or the Trustee.

Purpose of Report

13. This report constitutes the fourth report of the Receiver (the “Fourth Report”). The Fourth Report is being filed in support of the Receiver’s application to this Honourable Court on December 15, 2011 (the “December 15 Application”) seeking the following:
 - a. Approval of the reported actions of the Receiver to date in respect of the administration of these receivership proceedings;
 - b. Approval of the Receiver’s Statement of Receipts and Disbursements for the period from December 15, 2010 to December 1, 2011;
 - c. Approval of the professional fees and disbursements of both the Receiver and the Receiver’s Alberta and Saskatchewan legal counsel, Bennett Jones LLP and MacPherson Leslie & Tyerman LLP respectively, including estimated professional fees and disbursements required to complete the administration of the estate;
 - d. The assignment of any post-receivership goods and service tax refunds to the proposal estate;
 - e. The discharge of Deloitte as Receiver; and
 - f. A barring of all claims against the Receiver that arise from or are in any way connected to the Receiver’s administration of the receivership, except where such claims arise from gross negligence or wilful misconduct.
14. Except where contra-indicated, terms defined in prior reports will take on the same meaning in the Fourth Report.
15. The Fourth Report is being made to the Court and is for the Court’s use. The Receiver assumes no responsibility or liability for any loss or damage suffered by any other party as a result of the publication, circulation, reproduction or use of the Fourth Report. Any use of the Fourth Report, reliance on the Fourth Report or basing of decisions on the Fourth Report by any other party is the sole responsibility of that party.

Statement of Receipts and Disbursements

16. The Receiver's Statement of Receipts and Disbursements for the period from December 15, 2010 to December 1, 2011 (the "R&D") is attached as "Schedule 1".
17. The R&D reflects total receipts of \$15,266,452. The Receiver highlights the following with respect to these receipts:
 - a. \$12,958,964 was provided by Kasten to fund the Debenture Payment.
 - b. Kasten provided payments totalling \$1,381,100 to the Receiver, as required by the Proposal and the Second Amended Proposal (the "Proposal Funding"). \$200,000 of the Proposal Funding was provided to the Receiver to fund a working capital loan, as contemplated under the terms of the Proposal, but was later returned to Kasten pursuant to the Order granted on June 28, 2011. The remaining Proposal Funding was provided pursuant to the terms of the Second Amended Proposal to pay the administrative fees and expenses of both the Receiver and the Trustee and to pay the proven claims of those creditors affected by the Second Amended Proposal (additional funding was provided directly to the Proposal Trustee).
 - c. Pursuant to paragraph 19 of the Receivership Order, as amended, the Receiver borrowed \$556,036, through the issuance of Receiver's certificates (the "Receiver's Certificates"), to fund Whitemud's operations and the administration of the Receivership. Pursuant to terms of the Second Amended Proposal, the Receiver's Certificates were repaid by Kasten upon Court Ratification and the amount due pursuant to the Receiver's Certificates was added to the First Secured Debt.
 - d. The Receiver collected \$187,234 for post-receivership finished product; and
 - e. The Receiver collected \$154,969 for pre-receivership accounts receivable.

18. The R&D reflects disbursements of \$1,378,335, excluding the Debenture Payment, funds transferred to the Trustee pursuant to the Second Amended Proposal and a holdback for estimated professional fees of both the Receiver and the Receiver's legal counsel to complete the administration of the receivership. The Receiver highlights the following with respect to these disbursements:
- a. Payroll in the amount of \$220,659 was required to retain, on a contract basis, seven former Whitemud employees who assisted in maintenance and security at Whitemud's plant in Saskatchewan and/ or provided limited administrative support; and
 - b. Attached as "Schedule 2" is a summary of the professional fees and disbursements of both the Receiver and the Receiver's legal counsel. The Receiver's professional fees and disbursements totalled \$457,548 plus GST for the period ended November 28, 2011. The Receiver's legal counsel's professional fees and disbursements totalled \$133,519 plus GST for the period ended November 30, 2011. The Receiver and the Receiver's legal counsel have estimated the professional fees and disbursements required to complete the administration of the estate at \$15,750 (including all applicable GST). Copies of all invoices submitted by both the Receiver and the Receiver's legal counsel, including detailed time analysis will be made available to the Court at the December 15 Application.

Conclusion

19. As outlined above, on August 12, 2011, the Court ratified the Second Amended Proposal and control of Whitemud's operations was transitioned from the Receiver back to Whitemud, under the direction of the five interim directors appointed pursuant to the Order for Court Ratification, with Kasten being responsible for carrying out the terms of the Second Amended Proposal. As such, the administration of the receivership is complete. Certain post-receivership goods and service tax refunds have yet to be received. The Receiver is seeking to assign these to the proposal estate.
20. The Fourth Report is being filed in support of the December 15 Application, at which time the Receiver will be seeking the following:
- a. Approval of the reported actions of the Receiver to date in respect of the administration of these receivership proceedings;
 - b. Approval of the R&D;
 - c. Approval of the professional fees and disbursements of both the Receiver and the Receiver's Alberta and Saskatchewan legal counsel, Bennett Jones LLP and MacPherson Leslie & Tyerman LLP, including estimated professional fees and disbursements required to complete the administration of the estate;
 - d. The assignment of any post-receivership goods and service tax refunds to the proposal estate;
 - e. The discharge of Deloitte as Receiver; and
 - f. A barring of all claims against the Receiver that arise from or are in any way connected to the Receiver's administration of the receivership, except where such claims arise from gross negligence or wilful misconduct.

DELOITTE & TOUCHE INC.,
in its capacity as Proposal Trustee
of Whitemud Resources Inc.
and not in its personal capacity.



Victor P. Kroeger, CA●CIRP, CFE,
Senior Vice President

Schedules

Schedule 1

Estate No. 25-094104

**Whitemud Resources Inc. - in Receivership ("Whitemud")
Receiver and Manager's (the "Receiver") Statement of Receipts & Disbursements
For the Period from December 15, 2010 to December 1, 2011**

Receipts		Notes
Proposal funding provided by Kasten Energy Inc. (held in trust)	\$ 1,381,100	1
Funding for payment to debenture holders	12,958,964	2
Receiver's Certificate Funding	556,036	3
Office Furniture and Equipment	8,586	4
Pre-Receivership Accounts Receivable	154,969	
GST on Pre-Receivership Accounts Receivable	7,748	
Finished Goods Product	187,234	
GST Collected	9,791	
Miscellaneous	2,024	
Total Receipts	15,266,452	
 Disbursements		
 Operations		
Rent	5,477	5
Mineral Leases	25,421	
Payroll	220,659	6
Employee Expenses	3,245	
Equipment Leases	83,858	
Operating Expenses	19,602	
Utilities	61,473	
Insurance	65,804	
Appraisal Fees	10,000	
Storage	3,828	
GST Paid	52,467	
PST Paid	8,803	
Server Hosting	6,630	
Miscellaneous	7,001	7
Canada Revenue Agency (GST- Deemed Trust)	7,748	
Return of proposal funding provided by Kasten Energy Inc. (held in trust)	200,000	1
Total - Operations	782,017	
 Administration of Receivership		
Management Fees	5,250	8
Receiver's Fees	457,548	9
Receiver's Legal Counsel's Fees	133,519	10
Total Administration of Receivership	596,318	
 Total Disbursements	 1,378,335	
 Excess of Cash Receipts over Cash Disbursements	 13,888,117	
 Represented by:		
Payment to debenture holders	12,958,964	11
Transfer to proposal	913,403	12
Holdback for professional fees and disbursements of the Receiver and the Receiver's legal counsel to complete the administration of the estate	15,750	
	\$ 13,888,117	

Notes:

1. Pursuant to the terms of the proposal filed by the Receiver on behalf of Whitemud on April 1, 2011, Kasten Energy Inc. ("Kasten") had provided the Receiver with \$200,000 of the Working Capital Loan (as such term was defined in the proposal), which funds were to be held in trust pending creditor approval and Court ratification of the proposal. Pursuant to the Order granted by the Court of Queen's Bench of Alberta on June 28, 2011, this \$200,000 was returned to Kasten as the Working Capital Loan is not a concept that was included in the second amended proposal filed by the Receiver on behalf of Whitemud on July 11, 2011 (the "Second Amended Proposal"). Additional funding was provided by Kasten, pursuant to the terms of the Second Amended Proposal, to fund the administrative fees and expenses for both the Receiver and the Trustee and to pay the proven claims of those creditors affected by the Second Amended Proposal.
2. Whitemud had issued 12% convertible secured subordinated debentures (the "Debentures") pursuant to a trust indenture dated August 6, 2009. At the meeting of creditors to consider the Proposal held April 21, 2011, Kasten provided funds to the Receiver to pay the Debentures in full.
3. Advanced by way of Receiver's Certificates pursuant to the Order of the Court of Queen's Bench of Alberta granted on December 15, 2010, as amended. The amount advanced by way of Receiver's Certificates was added to the first secured debt, held by Kasten, upon Court ratification of the Second Amended Proposal.
4. Office furniture and equipment from the Head Office (as defined below) was sold by Century Services Inc. ("Century") for a fee of 20% commission plus selected costs, including agreed upon moving costs and garbage disposal.
5. Monthly rent for the head office at 3345 8 Street SE, Calgary, AB (the "Head Office") was \$19,806. Prorated rent was paid for the period from December 15 to 23, 2010.
6. Five former Whitemud employees were retained on a contract basis to assist in the maintenance at the plant. Two other former Whitemud employees provided administrative assistance as needed.
7. Includes lock changes, advertising and filing fees due to both the Court of Queen's Bench of Alberta and the Office of the Superintendent of Bankruptcy.
8. A former Whitemud director was retained on a part-time contract basis to assist in the administration of the Receivership and the preparation of a sale package.
9. Includes the Receiver's fees and disbursements for the period ended November 28, 2011.
10. Includes the Receiver's legal counsel's fees and disbursements for the period ended November 30, 2011.
11. Pursuant to the Order granted by the Court on May 10, 2011, the Debentures have now been paid in full.
12. Amounts provided by Kasten to fund the Second Amended Proposal, which were originally being held by the Receiver, have now been transferred to the Proposal.

Schedule 2

Whitemud Resources Inc. - in Receivership
Summary of Professional Fees and Disbursements of the Receiver and the Receiver's Legal Counsel

Receiver: Deloitte & Touche Inc.

Invoice #	Period Covered	Amount	GST	Total
2763499	For the period ended January 7, 2011	\$ 82,205	\$ 4,110	\$ 86,315
2874770	For the period ended January 31, 2011	41,050	2,053	43,102
2874778	For the period ended February 28, 2011	36,703	1,835	38,538
2874789	For the period ended March 31, 2011	48,396	2,420	50,816
2874793	For the period ended April 30, 2011	57,412	2,871	60,282
2874800	For the period ended May 13, 2011	15,758	788	16,546
2911508	For the period ended July 31, 2011	101,540	5,077	106,617
2966078	For the period ended October 21, 2011	50,051	2,503	52,554
2968323	For the period ended November 28, 2011	24,434	1,222	25,656
N/A	Estimate to Close	7,500	375	7,875
Total for the Receiver:		\$ 465,048	\$ 23,252	\$ 488,301

Receiver's Alberta Legal Counsel: Bennett Jones LLP

Invoice #	Period Covered	Amount	GST	Total
884768	For the period ended January 15, 2011	\$ 7,722	\$ 374	\$ 8,096
889747	For the period ended February 28, 2011	27,467	1,316	28,783
892897	For the period ended March 31, 2011	23,002	1,150	24,152
895915	For the period ended April 30, 2011	20,197	1,010	21,207
902857	For the period ended June 30, 2011	42,434	2,119	44,553
905407	For the period ended July 31, 2011	4,316	216	4,532
912971	For the period ended September 30, 2011	2,966	146	3,112
919142	For the period ended November 30, 2011	1,273	64	1,337
N/A	Estimate to Close	7,500	375	7,875
Total		\$ 136,878	\$ 6,769	\$ 143,647

Receiver's Saskatchewan Legal Counsel: MacPherson Leslie & Tyerman LLP

Invoice #	Period Covered	Amount	GST & PST	Total
450373	For the period ended April 15, 2011	\$ 2,750	\$ 269	\$ 3,019
457530	For the period ended September 9, 2011	1,392	134	1,526
Total		\$ 4,142	\$ 403	\$ 4,545
Total for the Receiver's Alberta and Saskatchewan Legal Counsel:		\$ 141,019	\$ 7,172	\$ 148,191
Grand Total		\$ 606,068	\$ 30,424	\$ 636,492