

April 29, 2011

## **To the Creditors of Whitemud Resources Inc. (“Whitemud” or the “Company”) - Proposal**

Deloitte & Touche Inc. acts as both Receiver and Manager (the “Receiver”) and as proposal trustee (the “Trustee”) for Whitemud. Information on both the receivership and the proposal (the “Proposal”) proceedings can be accessed on Deloitte’s website at [www.deloitte.ca](http://www.deloitte.ca) under the Insolvency and Restructuring link (the “Deloitte Website”).

On March 31, 2011, the Court of Queen's Bench of Alberta (the "Court") granted an Order authorizing the Receiver to file the Proposal. The Receiver did so on April 1, 2011 and sent the Proposal to Whitemud's creditors, along with notice of the general meeting of creditors to consider the Proposal (the “First Creditors’ Meeting”). At the First Creditors’ Meeting, held on April 21, 2011, Kasten Energy Inc. (“Kasten” or the “Unaffected Secured Creditor”), who is the beneficial owner of the first secured charge (the “First Secured Debt”) on the assets of Whitemud and who was providing funding and support for the Proposal, put forward numerous amendments (the “Amendments”) to the Proposal, which would substantially increase the recovery to Whitemud’s creditors. As the Amendments were significant and the voting letters held by the Trustee could have affected the outcome of the vote on the Proposal, the First Creditors’ Meeting was adjourned in order that the Trustee could receive a copy of the Proposal including the Amendments (the “Amended Proposal”). Kasten indicated that it would provide and Kasten did provide a draft of the Amended Proposal to the Trustee prior to the close of business on April 25, 2011. The Trustee sought clarification of certain of the Amendments, following which a final version of the Amended Proposal was filed with the Office of the Superintendent of Bankruptcy on April 28, 2011.

At the First Creditors’ Meeting, the Chairman of the First Creditors’ Meeting indicated that, as the Receiver had filed the Proposal with the approval of the Court of Queen’s Bench of Alberta (the “Court”), the Receiver would need to consider whether it would be necessary to obtain further approval from the Court related to the Amended Proposal. Given that the Amended Proposal represents a significant and obvious increase in the recovery to Whitemud's creditors and, in order to avoid further delay, the Trustee is sending the Amended Proposal to Whitemud's creditors without first making an application to the Court.

Attached is a copy of the Amended Proposal. A black-lined version of the Amended Proposal is available for viewing on the Deloitte Website and the Amendments are summarized below (terms not defined herein are as defined in the Amended Proposal):

#### Interpretation

1. Certain definitions are no longer applicable to the Amended Proposal, such as "Creditor Classes", "Dividend Fund", "Event of Default" and "New Debentures", and have been deleted and certain other definitions have been revised based on their use in the Amended Proposal.
2. Definitions have been added for "Receivership Claims Process" and "Unaffected Claims".

#### Affected Creditor

3. The only creditor who is now affected by the Amended Proposal and will be paid pursuant to the Amended Proposal is the Regional Municipality of Old Post No. 43 (the "RM of Old Post" or the "Affected Creditor"). The Affected Creditor will be the only creditor eligible to vote on the Amended Proposal and will be paid in full by the Trustee upon Court Ratification of the Amended Proposal. The funds to pay the Affected Creditor will be paid to the Trustee by the Unaffected Secured Creditor with that amount being added to the First Secured Debt.

#### Debenture Holders

4. At the First Creditors' Meeting, Kasten provided the Receiver with a bank draft in the amount of \$12.995 million, which is anticipated to be an amount sufficient to pay the Debentures in full. The Receiver has requested a legal opinion on the security held by the Debenture Holders (the "Debenture Security"). Assuming that the Debenture Security is valid and enforceable, the Receiver will be making an application to the Court on May 10, 2011 for approval to pay the Debentures in full (the "Debenture Payment") and to grant the Unaffected Secured Creditor a second-place secured charge, on the assets of Whitemud, in the amount of the Debenture Payment. The Debenture Holders are now unaffected by the Amended Proposal and will be repaid in full prior to the vote on the Amended Proposal. No shares will be issued to the Debenture Holders pursuant to the Amended Proposal.

#### Crown Claims, Claims of Preferred Creditors and Ordinary Unsecured Creditors

5. Crown Claims and Claims of Preferred Creditors will now be unaffected by the Amended Proposal and will be paid in full pursuant to a claims process in the Receivership (the "Receivership Claims Process"). The Receiver will be seeking Court approval for the Receivership Claims Process in conjunction with the application for Court ratification of the Amended Proposal. Crown Claims and Claims of Preferred Creditors will be paid in full by the Receiver within three months of Court Ratification with funds provided by the Unaffected Secured

Creditor. The amount required to pay the Crown Claims and the Claims of the Preferred Creditors will be added to the First Secured Debt.

6. Ordinary Unsecured Creditors will now be unaffected by the Amended Proposal and will be paid pursuant to the Receivership Claims Process. Ordinary Unsecured Creditors will be paid in full within three months of Court Ratification, with funds provided by the Unaffected Secured Creditor. The amount provided by the Unaffected Secured Creditor to be paid by the Receiver to the Ordinary Unsecured Creditors will be secured by a third-place charge on the assets of Whitemud to be granted to Kasten by Whitemud upon Court approval of the Receivership Claims Process.
7. The Unaffected Secured Creditor has provided two letters of credit to the Receiver totaling \$2.3 million, which is the estimated amount required to pay the Crown Claims, the Claims of the Preferred Creditors and the Claims of the Ordinary Unsecured Creditors in full.

#### Other

8. The new board of directors will now consist of five directors, of which two shall be appointed by Kasten and three will be independent third parties.

As noted above, to date, Kasten has provided the following funds to the Receiver:

1. \$12.995 million, which is the estimated amount required to pay the Debentures in full;
2. \$200,000 of the Working Capital Loan; and
3. Letters of credit totaling \$2.3 million, which is the estimated amount required to pay the Crown Claims, the Claims of Preferred Creditors and the Claims of the Ordinary Unsecured Creditors in full.

The Amendments will result in all of Whitemud's creditors, with the exception of the Unaffected Secured Creditor (Kasten), being paid in full and will allow Whitemud to continue to operate as a going concern for the benefit of all of its stakeholders.

The First Creditors' Meeting will reconvene on May 18, 2011 at 2:00 p.m. (the "May 18 Meeting") at the following location:

Bennett Jones LLP  
4500 Bankers Hall East, 855 2<sup>nd</sup> Street SW  
Calgary, AB

As the RM of Old Post is now the only creditor affected by the Amended Proposal, voting letters do not need to be submitted by any creditors, with the exception of the RM of Old Post and only the RM of Old Post is permitted to attend the May 18 Meeting. If the Amended Proposal is approved by the Affected Creditor, the Receiver will seek, at the Court application for ratification of the Amended Proposal, to have

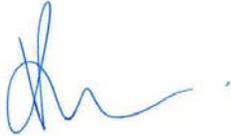
the Receivership Claims Process approved and to have proof of claim forms that were previously submitted in the Proposal proceedings, accepted for review in the Receivership Claims Process. All creditors will receive notification of the Receivership Claims Process; however, those creditors who have not yet submitted a proof of claim form and wish to do so in advance of that notification, can use the proof of claim form, which was included in the material previously sent out to creditors on April 7, 2011 (the "Creditor Package"). The Creditor Package is posted on the Deloitte Website.

Should you have any questions, please contact the undersigned.

Yours truly,

**DELOITTE & TOUCHE INC.,**

In its capacity as Trustee under the Proposal of  
Whitemud Resources Inc.  
and not in its personal capacity



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

Enclosures

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

**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 at [www.deloitte.ca](http://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"). Pursuant to the 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 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 amendments to the Proposal, which would significantly benefit the creditors of Whitemud. As a result, the Receiver adjourned the First Meeting of Creditors so that the Proposal, as amended, could be mailed to the creditors of Whitemud.

This Proposal, as amended, is being filed pursuant to the BIA, Part III, Division I, for approval by the Affected Creditor 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 Proposal has the full support and backing of the Unaffected Secured Creditor.

**PART I  
INTERPRETATION**

1. In this 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 proposals and any proceedings relating to, arising out of, or under the Proposal including the preparation and implementation of the Proposal and any subsequent 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;
- (b) "Affected Creditor" means the Regional Municipality of Old Post No. 43;
- (c) "BIA" means the Bankruptcy and Insolvency Act, R.S.C. 1985;
- (d) "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) "Claims Date" means December 15, 2010, the date on which the Receiver was appointed;
- (f) "Class "A" Common Shares" means the authorized Class "A" Common Shares of Whitemud;
- (g) "Class "B" Non-Voting Common Shares" means the authorized Class "B" Non-Voting Common Shares of Whitemud;
- (h) "Court Ratification" means (a) the approval of the 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;
- (i) "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) "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;
- (l) "Filing Date" means the date on which the Proposal was lodged with the Office of the Superintendent of Bankruptcy, namely April 1, 2011;
- (m) "First Secured Debt" means the debt owed by Whitemud to the Unaffected Secured Creditor that is subject to a first secured charge on the property, assets and undertaking of Whitemud, which the Unaffected Secured Creditor has acquired from Canadian Western Bank;
- (n) "GST" means goods and services tax payable pursuant to the Excise Tax Act (Canada);
- (o) "Levy" means the levy payable to the Superintendent of Bankruptcy pursuant to Section 147 of the BIA;
- (p) "Ordinary Unsecured Creditors" means those 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, except for those Claims:
  - (i) that are by the Unaffected Secured Creditor;

- (ii) that are by the Affected 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) "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;
- (r) "Post Filing Goods and Services" means in respect of this Proposal the goods supplied or services rendered to Whitemud after the Filing Date and prior to Court Ratification;
- (s) "Post Ratification Goods and Services" means in respect of this Proposal the goods supplied or services rendered to Whitemud after Court Ratification;
- (t) "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) "Proven Claim" means a Claim by the Affected Creditor that has been accepted by the Trustee;
- (v) "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;
- (w) "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;
- (x) "Trust Indenture" means the Trust Indenture dated August 6, 2009 between Whitemud and Olympia Trust Company, as Trustee;

- (y) "Trustee" means Deloitte & Touche Inc. or its duly appointed successor or successors appointed under or in connection with the carrying out of this Proposal;
- (z) "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 Proposal;
- (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) "Unaffected Secured Creditor" means Kasten Energy Inc., the holder of the First Secured Debt; and
- (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.
- 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 all Crown Claims incurred prior to 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 provided to the Receiver by the Unaffected Secured Creditor, 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. 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.
11. THAT the Debentures shall be paid in full by the Receiver subject to the Receiver obtaining Court approval for the payment of the Debentures on or before Court Ratification with funds provided to the Receiver 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 be sufficient to pay the Debentures in full.
13. THAT upon Court approval of both the Receiver paying the Debentures in full from funds provided by the Unaffected Secured Creditor and Whitemud granting security 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").

**Ordinary Unsecured Creditors**

14. THAT all Claims of Ordinary Unsecured Creditors will be Unaffected Claims in the Proposal.
15. THAT all Claims of Ordinary Unsecured Creditors shall be paid in full by the Receiver within three months of Court Ratification, as set out in the Receivership Claims Process, with funds provided to the Receiver by the Unaffected Secured Creditor.
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. THAT, notwithstanding anything to the contrary in the Proposal, payment of all Administrative Fees and Expenses shall be made in priority to all Claims of the Affected Creditor. 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 by the Unaffected Secured Creditor.

**Goods and Services**

18. THAT Claims arising in respect of Post Filing Goods and Services 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. THAT Claims arising in respect of Post Ratification Goods and Services 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**

21. 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 Administrative Fees and Expenses, (ii) to provide working capital to allow it to maintain and preserve its assets, and (iii) to allow it to take the steps necessary to allow it to have lifted the cease trade order issued against Whitemud by the Alberta Securities Commission on December 3, 2010.

**Third Charge Debenture Granted to the Unaffected Secured Creditor**

22. 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.

**Issuance of Shares to the Unaffected Secured Creditor**

23. 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 Proposal 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 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 12.50% of all of the issued shares).

**PART IV**  
**AMENDMENTS**

24. THAT the Proposal may be amended by Whitemud or the Trustee at any time prior to or at the continuation of the First Meeting of Creditors provided that any such amendments shall be considered by Whitemud to be in the best interests of the creditors. The

Proposal may be amended or further amended by Whitemud after the First Meeting of Creditors:

- (a) 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. THAT the Proposal will only be deemed to have been accepted by the creditors if the Affected Creditor has voted in favour of the Proposal. For greater clarity, the Affected Creditor will be the only creditor eligible to vote on the Proposal.
- 26. THAT at the continuation of the First Meeting of Creditors (being the statutory meeting of the creditors to be held to consider the Proposal), the creditors may appoint one but not exceeding a total of five inspectors under the Proposal whose duties shall be restricted to:
  - (a) advising the Trustee concerning any dispute as to the validity of the claim of any creditor under this 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. THAT Deloitte & Touche Inc., Licensed Trustee, shall be the Trustee acting under the Proposal.
- 28. 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 Proposal or in connection with the business or liabilities of Whitemud.
- 29. 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 Proposal or in connection with the business or liabilities of Whitemud.

30. THAT all monies payable under the Proposal to the Affected Creditor, shall be paid over to the Trustee who shall make the payment thereof to the Affected Creditor as set out herein.
31. THAT upon making the payments and distributions contemplated in Part II of this Proposal to the Affected Creditor, the 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 Proposal unless such acts have been carried out in bad faith and constitute a wilful or wrongful act or default.

### **PART VIII MISCELLANEOUS**

32. THAT the Trustee or Whitemud may apply to the Court for direction from time to time.
33. THAT as part of the Receivership Claims Process, all of the creditors of each and every class shall be under a duty to 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. 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 Proposal.
36. THAT the Affected Creditor will accept the distribution in the Proposal herein as full settlement and complete satisfaction of its Claim.

#### **Consents, Waivers and Agreements**

37. THAT upon Court Ratification, the Affected Creditor will be deemed to have consented and agreed to all of the provisions of the Proposal in its entirety. The Affected Creditor will be deemed to have waived any default by Whitemud in any provision express or

implied or in any agreement existing between the Affected Creditor and Whitemud that occurred on or prior to the Filing Date. The Affected Creditor 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 Proposal, the provisions of the Proposal take precedence and priority and the provisions of any such agreement are amended accordingly.

**Binding Effect**

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

**PART IX**

**APPOINTMENT OF NEW DIRECTORS**

39. 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**

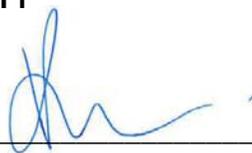
**ANNULMENT OF PROPOSAL**

40. THAT Whitemud covenants and agrees that time shall be of the essence in the 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 Proposal, and, subject to Section 62.1 of the BIA, Whitemud shall consent to any application for annulment of this Proposal.

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

DATED at Calgary, Alberta, this 29<sup>th</sup> day of April, 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