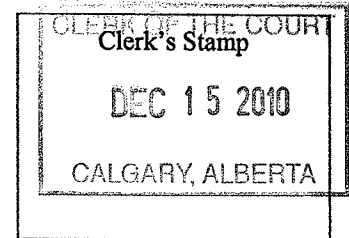


COURT FILE NUMBER **1001-17751**
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE Calgary
PLAINTIFF(S) **CANADIAN WESTERN BANK**
DEFENDANT(S) **WHITEMUD RESOURCES INC.**

DOCUMENT **AFFIDAVIT**



ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT David Madsen
 Borden Ladner Gervais LLP
 1900, 520 3rd Ave. S.W.
 Calgary, AB T2P 0R3
 Telephone: (403) 232-9612
 Facsimile: (403) 266-1395
 Email: dmadsen@blg.com
 File No. 413170/000057



AFFIDAVIT OF JEFF BOWLING

I, Jeff Bowling, of the City of Calgary, in the Province of Alberta, Banker, MAKE OATH AND SAY AS FOLLOWS:

Background

1. I am the Assistant Vice President and Deputy Manager of Canadian Western Bank ("CWB") and am presently involved in the administration of the accounts of the Defendant, Whitemud Resources Inc. ("Whitemud"). As such, I have personal knowledge of the matters and facts hereinafter deposed to, except where stated to be based on information and belief, and where so stated, I verily believe the same to be true.
2. The Plaintiff, CWB, is a bank authorized to carry on business in the Province of Alberta with branches located in the City of Calgary.

3. The Defendant, Whitemud, is a corporation duly registered pursuant to the laws of the Province of Alberta.
4. Pursuant to a series of Commitment Letters, the most recent of which is dated July 23, 2009, CWB extended credit facilities to Whitemud which included, *inter alia*, as amended pursuant to a letter dated September 14, 2010 (the "**Loan Agreement**"):
 - i) a Letter of Credit / Guarantee facility in the amount of \$1,200,000.00 USD in favour of GE Rail Services;
 - ii) a Letter of Credit / Guarantee facility in the amount of \$50,000.00 CDN in favour of the Government of Saskatchewan;
 - i) an MBNA Corporate MasterCard facility to a maximum of \$15,000.00 (the "**MasterCard Facility**"); and
 - ii) a Revolving Line of Credit with a maximum available limit of \$2,000,000.00 (the "**Line of Credit**").
5. The Loan Agreement included, *inter alia*, the following terms:
 - i) that the amounts owed to CWB by Whitemud would bear interest while outstanding before and after maturity and default at the rates agreed to in the Loan Agreement; and
 - ii) that Whitemud would pay the costs of CWB including, but not limited to, legal counsel expense, appraisal fees, cost consultant fees and reasonable out-of-pocket expenses incurred by CWB in connection with the preparation and registration of the Loan Agreement and CWB's Security and the enforcement of CWB's rights under the Loan Agreement and of CWB's security.
6. As security for the above credit facilities, Whitemud granted various security to CWB, including, *inter alia*:
 - i) a General Security Agreement dated December 11, 2006 providing a first security interest in all present and after acquired property in Alberta & Saskatchewan;

- ii) a Fixed and Floating Charge Debenture in the principal amount of \$6,500,000.00 dated December 11, 2006 granting *inter alia* a first fixed-charge of the Borrower's interest in the lands and real property and a floating charge and security interest over the present and future acquired property of the Borrower;
- iii) a Supplemental Debenture in the amount of \$30,000,000.00 dated April 4, 2008;
- iv) an Amended and Restated Instrument of Pledge dated April 4, 2008 with respect to the Supplemental Debenture.

(collectively the "Security").

7. It was a term of the Loan Agreement that any amount owing was repayable on demand.
8. Whitemud defaulted on the terms of the Loan Agreement and the Security for, *inter alia*, failing to maintain the requisite ratio of Current Assets to Current Liabilities (the "First Default"). Consequently, CWB issued a formal demand of repayment on October 1, 2010, along with a concurrent Notice of Intention to Enforce Security, under the *Bankruptcy and Insolvency Act*, for all amounts outstanding pursuant to the Line of Credit and Mastercard Facility in the amount of \$540,000.00.
9. Whitemud subsequently entered into a Forbearance Agreement with CWB dated October 20, 2010 (the "Forbearance Agreement"), wherein, *inter alia*, CWB agreed to forbear in any enforcement of the Security. A copy of the Forbearance Agreement is attached hereto and marked as Exhibit "A". Whitemud intended to use the forbearance period to obtain takeout financing from Werklund Capital Corp. ("Werklund").
10. As part of the Forbearance Agreement, Whitemud also executed a Consent Receivership Order, which could be relied upon following an event of default under the Forbearance Agreement, which default included:
 - i) the failure of Whitemud, pursuant to article 2.01(d) of the Forbearance Agreement, to provide by 2:00 p.m. on November 30, 2010, written confirmation from Werklund that Werklund has committed to proceed with the Werklund Proposal (the "Financing Proposal") such that the entire amount outstanding to CWB pursuant to the Line of Credit, the Credit Cards, and this Agreement, shall, subject only to the approval of the restructuring contemplated by the Financing

Proposal by shareholders and debenture holders of Whitemud (if such approvals are required), be repaid no later than December 20, 2010;

- ii) the requirement that Werklund, pursuant to article 2.01(e) of the Forbearance Agreement, not advise Whitemud that it did not intend to proceed with the Financing Proposal prior to November 30, 2010.

(collectively the “**Werklund Events**”).

11. In a November 16, 2010 press release, attached hereto and marked Exhibit “B”, Whitemud advised that Werklund did not intend to proceed with the Financing Proposal. This constituted a default under the Forbearance Agreement and, at this time, CWB was entitled under the Forbearance Agreement to apply for the appointment of a receiver over the assets, undertaking, and properties of Whitemud..
12. Since November 16, 2010, CWB has continued to forbear from taking enforcement steps against Whitemud in order to allow Whitemud to pursue various efforts to raise additional capital with which to repay all of its indebtedness to CWB which, as of November 22, 2010, totals:

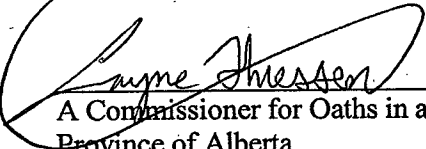
Principal Balance Outstanding (absent the MasterCard Facility):	\$875,000.00
Outstanding Balance on the MasterCard Facility (Nov. 29):	\$10,053.06
Interest Due from October 1, 2010 to November 1, 2010:	\$5,383.56
Interest Due from November 1, 2010 to November 22, 2010:	\$4,962.48.
Total Due:	\$895,399.01.

Plus further interest accruing from November 22, 2010 at the rate agreed to between CWB and Whitemud plus all costs incurred with respect to the recovery of such sum, including legal costs on a solicitor and own client, full indemnity basis.

13. Despite CWB’s continued forbearance, Whitemud has not been able to raise sufficient capital to repay its indebtedness to CWB.
14. Deloitte and Touche Inc. has consented to be appointed as receiver and manager of the assets, undertakings, and properties of Whitemud.

14. I make this Affidavit in support of an application by CWB for a receivership order to be made in respect of the assets, undertakings and properties of Whitemud acquired for, or used in relation to Whitemud's business, including all proceeds therefore.

SWORN BEFORE ME at the City of
Calgary, in the Province of Alberta,
this 15th day of December, 2010


A Commissioner for Oaths in and for the
Province of Alberta

LAYNE THIESSEN
Barrister & Solicitor


JEFF BOWLING

THIS AGREEMENT MADE EFFECTIVE THE 20th DAY OF OCTOBER, 2010

BY AND BETWEEN:

CANADIAN WESTERN BANK
("CWB")

- and -

WHITEMUD RESOURCES INC.
("Whitemud")

OF THE SECOND PART

FORBEARANCE AGREEMENT

WHEREAS CWB has granted certain loan facilities to Whitemud, which loan facilities are evidenced by, among other things, a Loan Agreement between Whitemud and CWB dated July 23, 2009, and which Loan Agreement was subsequently amended from time to time, (the "Loan Agreement"), and which credit facilities include (a) a Revolving Line of Credit, (the "Line of Credit"), evidenced by a Revolving Credit Agreement dated August 7, 2009 (the "Revolving Credit Agreement"), (b) MBNA Corporate Credit Cards (the "Credit Cards"); a Letter of Credit in the amount of \$1,200,000 in United States Dollars in favour of G.E. Rail Services (the G.E. Letter of Credit); and a Letter of Credit in the amount of \$50,000 in favour of the Government of Saskatchewan.

AND WHEREAS in addition to being repayable on demand, the amounts outstanding pursuant to the Line of Credit and the Credit Cards were repayable in the event of any default of the terms of the Loan Agreement.

AND WHEREAS Whitemud is in default of the terms of the Loan Agreement, for among other things, failing to maintain the requisite ratio of Current Assets to Current Liabilities.

AND WHEREAS CWB holds as security for payment of any amounts outstanding pursuant to the Line of Credit and the Credit Cards, the following security (collectively, the "CWB Security"):

- (a) a Debenture dated December 11, 2006;
- (b) a General Security Agreement dated December 11, 2006;
- (c) a First Supplemental Debenture dated April 4, 2008; and
- (d) an Amended and Restated Instrument of Pledge dated April 4, 2008.

AND WHEREAS CWB demanded payment of all amounts outstanding pursuant to the Line of Credit and the Credit Cards on October 1, 2010 (the "Demand"), and concurrently issued a Notice of Intention to Enforce Security (the "BIA Notice").

AND WHEREAS Whitemud has requested that CWB forbear in enforcement of the CWB Security (the "Forbearance") and CWB has agreed to the Forbearance on the terms reflected in this Agreement.

This is Exhibit - A - referred to
in the Affidavit of
Jeff Bowling
Sworn before me this 15
Day of December A.D. 2010
Rayne Thomas
A Commissioner for Oaths in and for
the Province of Saskatchewan
Barrister & Solicitor
OF THE FIRST PART

AND WHEREAS there is due and owing to CWB by Whitemud as at October 19, 2010, the sum of \$550,000.00 pursuant to the Line of Credit and the sum of \$3,851.12 pursuant to the Credit Cards, together with costs of CWB's legal counsel on a solicitor and his own client basis, (collectively the Current Debt").

AND WHEREAS interest and costs continue to accrue in relation to the Line of Credit, the Credit Cards, and the enforcement of the obligations of Whitemud pursuant to the Loan Agreement and the Revolving Credit Agreement.

NOW THEREFORE witness that in consideration of the mutual covenants herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

ARTICLE 1 - ACKNOWLEDGEMENTS

- 1.01 The parties agree that the facts and matters stated in the recitals hereto form part of this Agreement.
- 1.02 The Parties also confirm and acknowledge that:
 - (a) the terms of the Loan Agreement, the Revolving Credit Agreement, and the CWB Security are valid, subsisting and enforceable, and continue in full force and effect other than as amended by this Agreement;
 - (b) Whitemud is in default of the terms and in performance of their obligations contained in the Loan Agreement, the Revolving Credit Agreement, and the CWB Security;
 - (c) the Demand and BIA Notice were received by Whitemud and are proper and in compliance with all laws and were sufficient in all respects; and
 - (d) the Demand remains unsatisfied and the time period before which CWB can realize on the CWB security in the Demand and BIA Notice has expired.

ARTICLE 2 - TERMS OF FORBEARANCE

- 2.01 Provided that:
 - (a) there occurs no additional default (other than failure to pay interest during the Forbearance) under any agreement previously entered into by CWB and Whitemud;
 - (b) there occurs no breach of any covenant made, or failure to perform any obligation owed, by Whitemud as contained in this Agreement;
 - (c) by 2:00 p.m. on October 27, 2010, Whitemud shall have provided to CWB the following:
 - (i) a fully executed copy of the Werklund Capital Corp. ("Werklund") proposal (the "Werklund Proposal"), and
 - (ii) evidence of the payment to Werklund of the \$100,000 fee (the "Werklund Fee") required by Werklund pursuant to the Werklund Proposal (which fee CWB agrees may be paid utilizing the Line of Credit);

- (d) by 2:00 p.m. on November 30, 2010, Whitemud shall have provided written confirmation from Werklund that Werklund has committed to proceed with the Werklund Proposal such that the entire amount outstanding to CWB pursuant to the Line of Credit, the Credit Cards, and this Agreement, shall, subject only to the approval of the restructuring contemplated by the Werklund Proposal by shareholders and debenture holders of Whitemud (if such approvals are required), be repaid no later than December 20, 2010;
- (e) Werklund has not, prior to November 30, 2010, advised Whitemud that it does not intend to proceed with the Werklund Proposal;
- (f) on a weekly basis, commencing on October 25, 2010, Whitemud shall have provided CWB with:
 - (i) a report including an operating statement with a comparison to budget and an explanation of any variance,
 - (ii) a list of all expected payments to be made to Whitemud from third parties in the ensuing week and a list of all payments that had been expected to be received the prior week but were not received,
 - (iii) a list of payables expected to be paid in the ensuing week and a list of all payables expected to be paid in the prior week but which were not paid and an explanation as to why such payables were not paid;
 - (iv) a list of all payables which would rank in priority to the CWB Security; and
 - (v) the status of Werklund's due diligence;
- (g) by 2:00 p.m. on November 30, 2010, the entire amount outstanding to CWB pursuant to the Line of Credit and the Credit Cards (which shall be the Current Debt, additional accrued interest, and all additional amounts payable pursuant to this Agreement, including Legal Fees, the Forbearance Fee and the Renewal Fee, all as defined below, (collectively the "Payout Amount"), shall have been paid to CWB;

(each of items (a) through (g) above being a "Requirement"), CWB shall and does hereby extend to 2:00 p.m. on November 30, 2010, the time for repayment to CWB of the amounts outstanding pursuant to the Line of Credit, the Credit Cards and any amounts owing pursuant to this Agreement. Notwithstanding such extension, CWB shall be entitled to enforce any and all of the CWB Security and take such proceedings as CWB may deem fit, should any Requirement not be met by the time stipulated herein or be breached prior to November 30, 2010.

- 2.02 If Werklund advises Whitemud that it does not intend to proceed with the Werklund Proposal, or otherwise refinance Whitemud to allow Whitemud to repay all amounts owing to CWB on or before November 30, 2010, Whitemud shall immediately advise CWB of same.
- 2.03 Whitemud acknowledges and agrees with CWB that the legal costs incurred by CWB in connection with the Demand, the BIA Notice, and the negotiation and preparation of this

Agreement, (the "Legal Fees"), in the total amount of \$7,000, are reasonable, and shall be paid by CWB to their solicitors and shall be capitalized and added to the amount outstanding pursuant to the Line of Credit on the date paid by CWB to its solicitors.

- 2.04 As further consideration for the Forbearance, Whitemud shall pay to CWB a forbearance fee of \$50,000 (the "Forbearance Fee") and a renewal fee of \$18,000 in United States Dollars in relation to the G.E. Letter of Credit, (the "Renewal Fee"). The parties agree that the Forbearance Fee and the Renewal Fee are fully earned as at the date of execution of this Agreement, but shall be capitalized and added to the amount outstanding pursuant to the Line of Credit on the date of execution of this Agreement.
- 2.05 For greater certainty, the Legal Fees, the Forbearance Fee and the Renewal Fee shall be payable on the earlier of:
 - (a) the date of payment in full of the Payout Amount;
 - (b) November 30, 2010; and
 - (c) the date a Requirement is breached.
- 2.06 Whitemud acknowledges and agrees that all previous agreements and covenants entered into by it with CWB remain in full force and effect except to the extent modified by the terms of this Agreement.
- 2.07 The maximum funds available pursuant to the Line of Credit shall be increased to \$950,000 upon receipt of the executed Werklund proposal. As the Werklund Fee, the Legal Fees, the Forbearance Fee and the Renewal Fee are all to be paid from, or capitalized to, the Line of credit, the maximum amount available to Whitemud shall be \$775,000.
- 2.08 For greater certainty, interest payable on the amounts outstanding pursuant to the Line of Credit shall remain at 10% per annum.
- 2.09 In order to give full force and effect to the remedies contained in the paragraphs below, Whitemud does hereby consent to each of the actions referenced in such paragraphs, and Whitemud does hereby waive the provision of any further period of notice pursuant to a demand or the provision of any further Notice of Intention to Enforce Security, and does hereby consent to the immediate enforcement of the "Consents" as that term is defined below, and to the extent necessary, hereby irrevocably appoints CWB as their attorney in fact to execute and deliver any such waiver of notice as may be required in law or in equity, or any document necessary to give effect to the Consents.
- 2.10 Whitemud shall forthwith execute and deliver to CWB contemporaneous with execution of this Agreement, the following documents (collectively called the "Consents") to be held by CWB 's solicitors, unused until the earlier of the breach of a Requirement and November 30, 2010:
 - (a) an acknowledgment and consent in the form attached as Schedule "1";
 - (b) a consent Receivership Order in the form attached as Schedule "2; and

- (c) Directors Resolutions of Whitemud with respect to this Agreement and the Consents as appropriate, with such solicitors' opinions with respect to corporate capacity and proper execution of such documents as CWB's solicitors may reasonably require.

2.11 Whitemud acknowledges and agrees that in the event of:

- (a) the breach of a Requirement,
- (b) should Whitemud make an assignment or a proposal under the Bankruptcy and Insolvency Act,
- (c) if a Bankruptcy Order is granted as against Whitemud,
- (d) if Whitemud shall avail itself of the protection of the *Companies Creditors Arrangement Act* or similar legislation,
- (e) if any creditor has taken any steps to seize, garnishee, or otherwise realize on any assets of Whitemud (including the issuance of any requirement to Pay by the Canada Revenue Agency);
- (f) on November 30, 2010, if the Payout Amount has not then been paid in full to CWB,
- (g) if Werklund has advised Whitemud or CWB that it no longer intends to proceed with the Werklund Proposal, or otherwise refinance Whitemud to allow Whitemud to repay all amounts owing to CWB on or before November 30, 2010, or
- (h) in the sole discretion of CWB, there has been a material adverse change to the business or affairs of Whitemud,

CWB shall be at liberty to immediately take any and all proceedings to recover any and all amounts owed to CWB by Whitemud in respect of the Loan Agreement, the Line of Credit, the Credit cards, and any additional amounts owing which have accrued pursuant to this Agreement, including the Legal Fees, the Forbearance Fee and the Renewal Fee, and CWB may immediately use the Consents and may rely on and use the acknowledgments, representations, covenants and all other documents provided by Whitemud pursuant to this Agreement or otherwise, and CWB will be immediately entitled but not obligated to, in its sole discretion, and without any further notice to or consent from Whitemud:

- (i) cancel the Credit Cards;
- (ii) pay MBNA the amount owing pursuant to the Credit Cards and add such amount to the amount owing pursuant to the Line of Credit;
- (iii) terminate the Line of Credit so as to allow no further drawings on the Line of Credit;
- (iv) appoint a Receiver or Receiver / Manager of Whitemud in accordance with the Consents or as otherwise permitted by law; or
- (v) proceed with whatever other remedies may be available to CWB as against Whitemud under the CWB Security, this Agreement, the Consents or otherwise

at law or in equity, including, without limitation, the commencement of foreclosure or other realization proceedings in the province of Saskatchewan in relation to any assets of Whitemud situate in the province of Saskatchewan.

- 2.12 Whitemud covenants and agrees that they will execute all such further waivers and do all such further acts as may be necessary or advisable in order to lift any stay of proceeding or overcome any other barrier to enforcement by CWB as contemplated in this Agreement, and without limitation, consents to and agrees to cooperate and assist in all realization proceedings, including foreclosure proceedings, in Saskatchewan in relation to any assets of Whitemud situate in the Province of Saskatchewan.
- 2.13 The time for repayment of all amounts owing to CWB pursuant to the Line of Credit, the Credit Cards and any amounts owing pursuant to this Agreement, shall be extended from 2:00 p.m. on November 30, 2010, to 2:00 p.m. on December 20, 2010, if;
- (a) all other terms save and except the payment of the Payout Amount on or before 2:00 p.m. on November 30, 2010, have been complied with and there has been no other action or event that has caused or entitled CWB to terminate the forbearance or otherwise entitled CWB to proceed with any actions contemplated in article 2.11 herein, whether such event or action occurs before or after November 30, 2010, and
 - (b) Whitemud has paid CWB an additional forbearance fee of \$25,000 (the "Additional Forbearance Fee") before 2:00 p.m. on November 30, 2010.
- 2.14 If Whitemud wishes to avail itself of the extension contemplated in article 2.13, it shall provide notice to CWB of its intention to do so no later than 2:00 p.m. on November 30, 2010, and the Additional Forbearance Fee shall, without more, be fully earned and shall be capitalized and added to the amount outstanding pursuant to the Line of Credit.
- 2.15 If the approval (if necessary) of the restructuring contemplated by the Werklund Proposal is not received by shareholders and debenture holders of Whitemud, Whitemud shall immediately advise CWB and CWB shall immediately be entitled to proceed with any of the steps or proceedings contemplated by article 2.11 herein.
- 2.16 Nothing herein shall preclude the parties from agreeing to an extension of the Forbearance before or after November 30, 2010, on such terms as the parties may agree.

ARTICLE 3 - RELEASE OF CWB

3.01 For and in consideration of the Forbearance and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, Whitemud for itself, its agents, successors, administrators and assigns, hereby immediately release and forever discharge CWB and its directors, officers, employees, agents, successors and assigns, of and from all actions, causes of action, suits, debts, damages, costs, claims and demands of every nature and kind whatsoever, both at law and in equity, to which they may now or hereafter be entitled, for or by reason of any matter, cause or thing arising out of or in any way connected with the Loan Agreement, the Revolving Credit Agreement, the CWB Security and the dealings between CWB and Whitemud in connection therewith, including without limiting the generality of the foregoing, any claims or defences Whitemud may have in connection with the following:

- (a) the enforceability of the CWB Security;
- (b) any and all representations, conduct, steps, proceedings taken and other acts done or made, or not done or not made, relating to the Loan Agreement, the Revolving Credit Agreement, the CWB Security and the advances by CWB to Whitemud thereunder, and
- (c) any realization steps previously and hereafter taken by CWB in connection with the Loan and the CWB Security.

ARTICLE 4 - MISCELLANEOUS

- 4.01 This Agreement shall be construed and enforced in accordance with the laws of Alberta.
- 4.02 Time shall be of the essence in respect of all matters provided for in this Agreement.
- 4.03 Any condonation, excusing, overlooking or waiver by CWB of any default, breach or non-observance of any of the terms as set forth herein, or in respect of any of the Loan Agreement, the Revolving Credit Agreement, the Line of Credit, the Credit Cards or the CWB Security shall not constitute a waiver by CWB of its right under this Agreement, the Loan Agreement, the Revolving Credit Agreement, the Line of Credit, the Credit Cards or the CWB Security as the case may be, in respect of any continuing or subsequent default, breach or non-performance thereof, so as to defeat in any way the rights of CWB pursuant to this Agreement, the Loan Agreement, the Revolving Credit Agreement, the Line of Credit, the Credit Cards or the CWB Security.
- 4.04 The rights conferred upon CWB under this Agreement are not intended to be exclusive of any other rights available to CWB, and any such rights shall be cumulative and shall be in addition to every other right either given hereunder or available to CWB pursuant to the Loan Agreement, the Revolving Credit Agreement or the CWB Security, now or hereafter existing by law or in equity or otherwise.
- 4.05 It is understood and agreed that the provisions hereof shall not merge upon the enforcement of this Agreement or any one or more of the Loan Agreement, the Revolving Credit Agreement or the CWB Security, including the entry of any judgment or order in favour of CWB.
- 4.06 Whitemud covenants and agrees from time to time, at the request of CWB, to make, do, execute, and deliver or cause to be made, done, executed and delivered, all such further and other acts, deeds, documents and assurances of any nature or kind whatsoever, for the better performance of the terms and conditions of this Agreement.
- 4.07 The parties hereto acknowledge and agree with one another that they have read this Agreement, obtained their own independent legal advice concerning the terms thereof, and each has entered into this Agreement freely and voluntarily without compulsion or pressure or undue influence by any of the others.
- 4.08 This Agreement may not be altered or amended in any fashion without such alternations or amendments being reduced to writing and signed by all of the parties hereto.
- 4.09 Any notice to be given by any of the parties to the others herein shall be in writing, and shall be sufficiently given if delivered, faxed or e-mailed to the parties at the addresses as follows:
- (a) If to CWB:
- (i) 30th Floor, 10303 Jasper Avenue
Edmonton, Alberta, T5J 3X6
Attention: A. W. MacInnes
Fax: (780) 423 - 8897
E-mail: wayne.macinnnes@cwbank.com

with a copy to:

(ii) Borden Ladner Gervais LLP
 1900, 520-3rd Ave. S.W.
 Calgary, Alberta, T2P 0R3
 Attention: David Madsen
 Fax: 403-266-1395
 E-mail: dmadsen@blg.com

(b) If to Whitemud:

Carscallen Leitch LLP
 1500, 407-2nd Ave. S.W.
 Calgary, Alberta, T2P 2Y3
 Attention: Don Leitch
 Fax: 403-262-2952
 E-mail: leitch@cllawyers.com

or to such other address or fax number or e-mail address as a party may from time to time direct in writing. Any such notice shall, if delivered by hand, be deemed to have been given when delivered, or if transmitted by fax or e-mail be deemed to have been given immediately upon receipt thereof, if received on a business day, but if received on other than a business day shall be deemed to have been received on the first business day after actual receipt.

4.10 This Agreement may be executed in counterpart.

4.11 This Agreement shall enure to the benefit of and be binding upon the parties hereto, and their successors and assigns.

SIGNED, SEALED AND DELIVERED In the
 presence of:

CANADIAN WESTERN BANK

Per: _____


Per: _____

SIGNED, SEALED AND DELIVERED In the
 presence of:

WHITEMUD RESOURCES INC.

Per: 

Per: 


 SEAN MACLACHLAN

(ii) Borden Ladner Gervais LLP
 1900, 520-3rd Ave. S.W.
 Calgary, Alberta, T2P 0R3.
 Attention: David Madsen
 Fax: 403-266-1395
 E-mail: dmadsen@blg.com

(b) If to Whitemud:

Carscallen Leitch LLP
 1500, 407-2nd Ave. S.W.
 Calgary, Alberta, T2P 2Y3
 Attention: Don Leitch
 Fax: 403-262-2952
 E-mail: leitch@cclawyers.com

or to such other address or fax number or e-mail address as a party may from time to time direct in writing. Any such notice shall, if delivered by hand, be deemed to have been given when delivered, or if transmitted by fax or e-mail be deemed to have been given immediately upon receipt thereof, if received on a business day, but if received on other than a business day shall be deemed to have been received on the first business day after actual receipt.

4.10 This Agreement may be executed in counterpart.

4.11 This Agreement shall enure to the benefit of and be binding upon the parties hereto, and their successors and assigns.

SIGNED, SEALED AND DELIVERED In the presence of:

witness to both:



Greg Greeks Manager, Real Estate Lending

SIGNED, SEALED AND DELIVERED In the presence of:

CANADIAN WESTERN BANK

Per: _____

Jeff Bowling
 Assistant Vice President & Deputy Manager

Per: _____

MANAGER, COMMERCIAL BANKING

WHITEMUD RESOURCES INC.

Per: _____

Per: _____

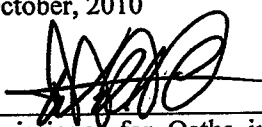
AFFIDAVIT OF EXECUTION

CANADA
Province of Alberta TO WIT:

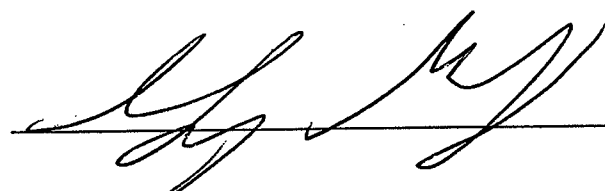
) I, Greg Greekas, of the
) City of Calgary in the
Province of Alberta,
MAKE OATH AND SAY THAT:

1. I was personally present and did see Jeff Bowling and Michelle Flynn named in the within instrument who are personally known to me to be the persons named therein, duly sign and execute the same for the purpose named therein.
2. The same was executed before me at the City of Calgary, in the Province of Alberta, and I am the subscribing witness thereto.
3. I know the said Jeff Bowling and Michelle Flynn and they are in my belief of the full age of eighteen (18) years.

SWORN BEFORE ME at _____)
Calgary, in the Province of Alberta the 26)
day of October, 2010



A Commissioner for Oaths in and for the
Province of Alberta



**A Commissioner for Oaths in and
For the Province of Alberta
William Lee
My Appointment Expires April 23, 2012**

AFFIDAVIT OF EXECUTION

CANADA
Province of Alberta TO WIT:

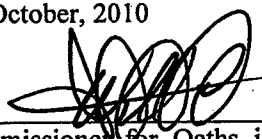
) I, Greg Grekas, of the
) City of Calgary in the
Province of Alberta,
MAKE OATH AND SAY THAT:

2. I was personally present and did see Jeff Bowling and Michelle Flynn named in the within instrument who are personally known to me to be the persons named therein, duly sign and execute the same for the purpose named therein.

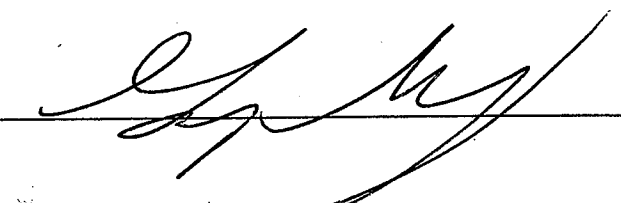
2. The same was executed before me at the City of Calgary, in the Province of Alberta, and I am the subscribing witness thereto.

3. I know the said Jeff Bowling and Michelle Flynn and they are in my belief of the full age of eighteen (18) years.

SWORN BEFORE ME at _____)
Calgary, in the Province of Alberta the 26)
day of October, 2010



A Commissioner for Oaths in and for the
Province of Alberta



**A Commissioner for Oaths in and
For the Province of Alberta
William Lee
My Appointment Expires April 23, 2012**

AFFIDAVIT OF EXECUTION

CANADA
Province of Alberta TO WIT:

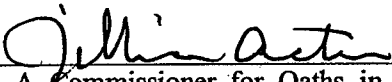
) I, SEAN MACLACHLAN, of the
) City of Calgary in the
Province of Alberta,
MAKE OATH AND SAY THAT:


2. I was personally present and did see BURL AYCOCK and KELLY BABICHUK named in the within instrument who are personally known to me to be the persons named therein, duly sign and execute the same for the purpose named therein.

2. The same was executed before me at the City of Calgary, in the Province of Alberta, and I am the subscribing witness thereto.

3. I know the said BURL AYCOCK and KELLY BABICHUK and they are in my belief of the full age of eighteen (18) years.

SWORN BEFORE ME at the City of)
Calgary, in the Province of Alberta the 25th)
day of October, 2010


A Commissioner for Oaths in and for the
Province of Alberta


SEAN MACLACHLAN

JILLIAN F. ACTON
Commissioner for Oaths in and for
the Province of Alberta
Commission expires at the will of the
Lieutenant-Governor of Alberta

SCHEDULE "T"**ACKNOWLEDGEMENT AND CONSENT**

TO: CANADIAN WESTERN BANK ("CWB")

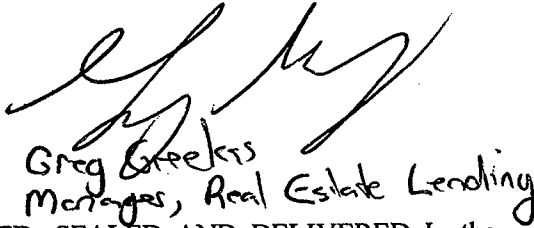
- (a) Whitemud has received a demand for payment demanding that Whitemud make payment to CWB of certain obligations owed by Whitemud to CWB pursuant to a Line of credit and certain credit cards, (the "Debt") but at their request CWB has agreed, pursuant to a Forbearance Agreement dated October 20, 2010, to forbear from enforcing the Security referenced below;
- (b) The Debt as at October 19, 2010 was \$553,851.12 plus interest thereafter and Costs;
- (c) Debt is secured by:
 - (i) A Debenture dated December 11, 2006;
 - (ii) A General Security Agreement dated December 11, 2006;
 - (iii) A First Supplemental Debenture dated April 4, 2008; and
 - (iv) An Amended and Restated Instrument of Pledge dated April 4, 2008.
(the "Security");
- (d) Whitemud hereby waives the necessity of any further demand for payment;
- (e) Whitemud is in default of payment of the Debt and is unable to comply with CWB's demand for payment, and Whitemud waives any and all entitlement to receive further time to pay the Debt and acknowledges and agrees that Whitemud has been provided a reasonable time within which to pay;
- (f) CWB is presently entitled to enforce the Security and any other securities held by it. Whitemud hereby consents to CWB appointing a Receiver/Manager of the assets, business and undertaking of Whitemud, to exercise the powers and authorities to be vested in a Receiver/Manager pursuant to the terms of the Security or otherwise at law,

and in the alternative to the exercise of such other remedies as CWB may be entitled at law or in equity.

DATED at Calgary, Alberta, this 26 day of October, ²⁰¹⁰~~2009~~ 13 th~~th~~.

SIGNED, SEALED AND DELIVERED In the presence of:

witness to both:


Greg Greeks
Manager, Real Estate Lending

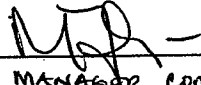
SIGNED, SEALED AND DELIVERED In the presence of:

CANADIAN WESTERN BANK

Per: _____


Jeff Bowling
Assistant Vice President & Deputy Manager

Per: _____


MANAGER, COMMERCIAL BANKING

WHITEMUD RESOURCES INC.

Per: _____

Per: _____

and in the alternative to the exercise of such other remedies as CWB may be entitled at law or in equity.

DATED at Calgary, Alberta, this ____ day of October , 2009.

SIGNED, SEALED AND DELIVERED In the
presence of:

CANADIAN WESTERN BANK

Per: _____

Per: _____

SIGNED, SEALED AND DELIVERED In the
presence of:

WHITEMUD RESOURCES INC.

Per:  _____

Per:  _____


SEAN MACLACHLAN

AFFIDAVIT OF EXECUTION

CANADA

Province of Alberta TO WIT:

) I, SEAN MACLACHLAN, of the
) City of Calgary in the
Province of Alberta,
MAKE OATH AND SAY THAT:

3. I was personally present and did see BURL AYCOCK and KELLY BABICHUK named in the within instrument who are personally known to me to be the persons named therein, duly sign and execute the same for the purpose named therein.


2. The same was executed before me at the City of Calgary, in the Province of Alberta, and I am the subscribing witness thereto.

3. I know the said BURL AYCOCK and KELLY BABICHUK and they are in my belief of the full age of eighteen (18) years.

SWORN BEFORE ME at the City of)
Calgary, in the Province of Alberta the 25th)
day of October, 2010



A Commissioner for Oaths in and for the
Province of Alberta


SEAN MACLACHLAN

JILLIAN F. ACTON
Commissioner for Oaths in and for
the Province of Alberta
Commission expires at the will of the
Lieutenant-Governor of Alberta

AFFIDAVIT OF EXECUTION

CANADA
Province of Alberta TO WIT:


) I, Greg Blockus, of the
) City of Calgary in the
Province of Alberta,
MAKE OATH AND SAY THAT:

4. I was personally present and did see Jeff Bowling and Michelle Flynn named in the within instrument who are personally known to me to be the persons named therein, duly sign and execute the same for the purpose named therein.

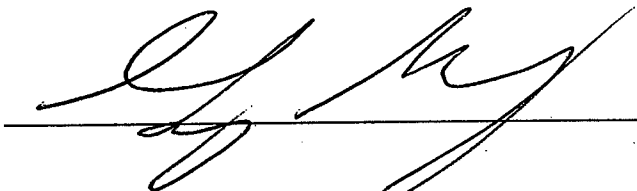
2. The same was executed before me at the City of Calgary, in the Province of Alberta, and I am the subscribing witness thereto.

3. I know the said Jeff Bowling and Michelle Flynn and they are in my belief of the full age of eighteen (18) years.

SWORN BEFORE ME at _____)
Calgary, in the Province of Alberta the 26)
day of October, 2010



A Commissioner for Oaths in and for the
Province of Alberta



A Commissioner for Oaths in and
For the Province of Alberta
William Lee
My Appointment Expires April 23, 20 12

AFFIDAVIT OF EXECUTION

CANADA
Province of Alberta TO WIT:

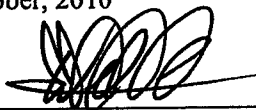
) I, Greg Bleekas, of the
) City of Calgary in the
Province of Alberta,
MAKE OATH AND SAY THAT:

3. I was personally present and did see Jeff Bowling and Michelle Flynn named in the within instrument who are personally known to me to be the persons named therein, duly sign and execute the same for the purpose named therein.

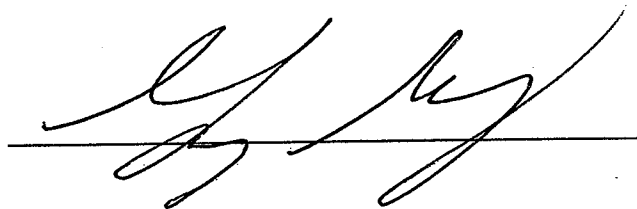
2. The same was executed before me at the City of Calgary, in the Province of Alberta, and I am the subscribing witness thereto.

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SWORN BEFORE ME at _____)
Calgary, in the Province of Alberta the 26)
day of October, 2010



A Commissioner for Oaths in and for the
Province of Alberta



**A Commissioner for Oaths in and
For the Province of Alberta
William Lee**

My Appointment Expires April 23, 20 12

SCHEDULE "2"

Action No.

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY**

BETWEEN:

CANADIAN WESTERN BANK

Plaintiff

- and -

WHITEMUD RESOURCES INC.

Defendant

**BEFORE THE HONOURABLE
JUSTICE
IN CHAMBERS**

) **AT THE COURT HOUSE, AT CALGARY**
) **ALBERTA ON THE ____ DAY OF**
) **_____, 2010.**
)

CONSNET ORDER APPOINTING RECEIVER AND MANAGER

UPON the application of the Plaintiff, Canadian Western Bank (the "Bank") in respect of Whitemud Resources Inc. (the "Debtor"); **AND UPON** reading the consent of Deloitte & Touche Inc. ("Deloitte") to act as receiver and manager of the Debtor, **AND UPON** hearing counsel for the Bank; **AND UPON** noting the consent of the Debtor:

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of motion and supporting materials for this order is hereby abridged service thereof is deemed good and sufficient.

APPOINTMENT

2. Pursuant to Part XI of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 ("BIA"), section 13(2) of the *Judicature Act*, R.S.A. 2000, and 65(7) of the *Personal Property Security Act*, R.S.A. 2000, c.P-7, Deloitte (the "Receiver") is hereby appointed Receiver and Manager, without security, of all of the assets, undertakings and properties of the

Debtor acquired for, or used in relation to the Debtor' respective businesses, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
 - (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part other business, or cease to perform any contracts of the Debtor;
 - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order;
 - (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
 - (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
 - (g) to settle, extend or compromise any indebtedness owing to or by the Debtor;
 - (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
 - (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
 - (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the

Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court.

- (k) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$50,000.00, provided that the aggregate consideration for all such transactions does not exceed \$150,000.00; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause, and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, R.S.A. 2000, c. P-7 shall not be required.
- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and

- (s) to take any steps reasonably incidental to the exercise of these powers;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. (i) The Debtor, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependant on maintaining possession) to the Receiver upon the Receiver's request.
5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

8. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph 8.

NO EXERCISE OF RIGHTS OF REMEDIES

9. All rights and remedies (including, without limitation, set-off rights) against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

10. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an "eligible financial contract" (as defined in section 11.1(1) of the *Companies' Creditors Arrangement Act*) with the Debtor from terminating such contract or exercising any rights of set-off, in accordance with its terms.

CONTINUATION OF SERVICES

11. All Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and this Court directs that the Receiver shall be entitled to the continued

use of the Debtor' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

13. Subject to employees' rights to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Receiver may specifically agree in writing to pay, or such amounts as may be determined in a Proceeding before a court or tribunal of competent jurisdiction.
14. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- (i) before the Receiver's appointment; or
 - (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii)(ii) below, the Receiver:
 - A. complies with the order, or
 - B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
 - (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
 - A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
 - B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or

- (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

Nothing in this Order shall derogate from the protection afforded to the Receiver by Section 14.06 of the BIA or any other applicable legislation.

RECEIVER'S ACCOUNTS

- 16. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property up to a maximum of \$300,000, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges, and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
- 17. The Receiver and its legal counsel shall pass their accounts from time to time.
- 18. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

- 19. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$1,000,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge.
- 20. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

21. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.
22. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

ALLOCATION

23. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

24. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
25. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.
26. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
27. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.
28. The Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

29. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

J.C.C.Q.B.A.

CONSENTED TO this 20th day of October,
2010 by Whitemud Resources Inc. by its duly
authorized signing officers:

Title

Title

PRESIDENT & COO

ENTERED this ____ day of _____,
2010.

CLERK OF THE COURT

AFFIDAVIT OF EXECUTION

CANADA

Province of Alberta TO WIT:

) I, SEAN MACLACHLAN, of the
) City of Calgary in the
Province of Alberta,
MAKE OATH AND SAY THAT:

5. I was personally present and did see BURL AYCOCK and KELLY BABICHUK named in the within Consent Order Appointing Receiver and Manager, who are personally known to me to be the persons named therein, duly sign and execute the same for the purpose named therein.
2. The same was executed before me at the City of Calgary, in the Province of Alberta, and I am the subscribing witness thereto.
3. I know the said BURL AYCOCK and KELLY BABICHUK and they are in my belief of the full age of eighteen (18) years.

SWORN BEFORE ME at the City of)
Calgary, in the Province of Alberta the 25th)
day of October, 2010

Jillian F. Acton
A Commissioner for Oaths in and for the
Province of Alberta

SEAN MACLACHLAN

JILLIAN F. ACTON
Commissioner for Oaths in and for
the Province of Alberta
Commission expires at the will of the
Lieutenant-Governor of Alberta

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that DELOITTE & TOUCHE INC., the receiver and manager (the "Receiver") of all of the assets, undertakings and properties of Whitemud Resources Inc. ("the Debtor") appointed by Order of the Court of Queen's Bench of Alberta, (the "Court") dated the _____ day of _____, 2010 (the "Order") made in action number _____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at _____.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property (as defined in the Order) as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 2010.

DELOITTE & TOUCHE INC., solely in its capacity as Receiver of the Property (as defined in the Order), and not in its personal capacity

Per: _____
Name:
Title:

IN THE COURT OF QUEEN'S BENCH
OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

BETWEEN:

CANADIAN WESTERN BANK

Plaintiff

- and -

WHITEMUD RESOURCES INC.

Defendant

**CONSENT ORDER APPOINTING
RECEIVER AND MANAGER**

BORDEN LADNER GERVAIS LLP
Barristers and Solicitors
Centennial Place, East Tower
1900, 520 Third Avenue S.W.
Calgary, Alberta T2P 0R3

Attention: DAVID T. MADSEN
Telephone: (403) 232-9612
Fax: (403) 266-1395

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November 22, 2010 2:56 PM ET

**WHITEMUD RESOURCES INC
(WMK:Venture)**

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As of 2:36 PM 11/22/10 All times are local (Market data is delayed by at least 15 minutes).

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Canada NewsWire 11/16/2010 8:00 AM ET

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Whitemud Resources Announces Suspension of Commercial Operations

/NOT FOR DISTRIBUTION TO UNITED STATES
NEWSWIRE SERVICES OR FOR DISSEMINATION
IN THE UNITED STATES/

CALGARY, Nov. 16 /CNW/ - Whitemud Resources Inc. ("Whitemud" or the "Company") (WMK - TSXV) announces that effective immediately, the Company is suspending operations as a result of the withdrawal of financing proposal by the Werklund Capital Corporation and the limited cash available to the Company. The employees of the Company have been served notice of termination and resources required to provide necessary administration and security of the plant will be obtained on a contract basis. The Board of Directors will focus its attention on finding a buyer for the Company and/or a source of finance to recapitalize the Company.

Whitemud has significant assets that include:

Mineral leases containing 169.3 million tonnes of measured and indicated mineral resources of kaolin ore,

including 52.9 million tonnes of proven reserves

A plant designed to produce 175,000 tonnes per year of metakaolin

A patent for producing metakaolin

Over \$80 million in tax losses

The Company produces Whitemud(MK), a high-reactivity, cement-grade metakaolin that enhances the performance of cement used in construction and in oil and gas wells. The value-added performance of the product has been validated by extensive third-party testing and by its use in a number of large construction projects.

Key projects using Whitemud(MK) include the Bow Tower office building in Calgary, a water treatment plant construction project in southern California, a large power plant cooling tower project in Massachusetts, in addition to a variety of commercial and residential projects. Whitemud(MK) is currently being used to enhance cement properties for cementing oil wells by two large oil well services companies. Metakaolin has also

This is Exhibit "B" referred to
in the Affidavit of

Jeff Bowling

Sworn before me this 15

Day of December A.D. 2010

Layne Thiesen
A Commissioner for Oaths in and for
the Province of Alberta

LAYNE THIESSEN
Barrister & Solicitor

me. Join to help improve concrete quality and assist in reducing construction costs while minimizing the environmental footprint of projects. Whitemud recently entered into a U.S. distribution agreement with a leading supplier of performance additives to the concrete industry.

More information is available at www.whitemudresources.com

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward Looking Statement

This press release may contain forward-looking statements which may include estimates, plans, expectations, opinions, forecasts, projections and guidance or other statements that are not statements of fact, and guidance or other statements that are not statements of fact, including without limiting the generality of the foregoing, statements regarding the expectations of finding a buyer for the Company and/or a source of finance to recapitalize the Company. The statements are subject to risks. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement. Unless otherwise required by applicable securities laws, the Company does not intend nor does it undertake any obligation to update or review any forward-looking statements to reflect subsequent information, events, results or circumstances or otherwise.

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