

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Whitemud Resources Inc. (“Whitemud” or the “Company”)
900, 332 - 6th Avenue SW
Calgary, Alberta T2P 0B2

Item 2. Date of Material Change

December 15, 2020

Item 3. News Release

A news release with respect to the material change was issued by the Company on December 16, 2020.

Item 4. Summary of Material Change

On December 16, 2020, the Company announced several transactions with Petrogas Energy Corp. (“Petrogas”), including that Petrogas transferred its shares in Whitemud to SAM Holdings Ltd. (“SAM”).

Item 5. Full Description of Material Change

The Company announced on December 16, 2020 that it had entered into a set-off agreement with Petrogas whereby the parties agreed to set-off all amounts owing to Whitemud by Petrogas, comprised of accounts receivable of approximately \$3.8 million, against the amounts owing by Whitemud to Petrogas and its affiliates pursuant to accounts payable and under its outstanding loan agreement, with an aggregate outstanding balance of approximately \$23.7 million. Petrogas further agreed to forgive the remaining outstanding amount under the loan, approximately \$19.9 million, such that all amounts owing between the parties have been fully satisfied and paid.

It was a condition of the set-off and loan forgiveness that Whitemud enter into a non-competition agreement in favour of Petrogas whereby it agreed not to participate in any business or other activity competitive with Petrogas and its affiliates in Canada or the United States until September 30, 2022, provided that such restrictions will not affect Whitemud’s ability, through Midstream Energy Partners (its commodity marketing division), to maintain its ongoing operations and preserve its existing business.

In addition, the Company and Petrogas terminated both the LPG Supply Management Agreement whereby Midstream Energy Partners, a division of Whitemud, negotiated the supply of LPGs for and on behalf of Petrogas, and the Transition Services Agreement whereby Petrogas provided Whitemud with head office administration services. The Company’s LPG sales contracts will remain in place and end in accordance with their terms on March 31, 2021.

The forgiveness of the loan is a related party transaction under MI 61-101 -

Protection of Minority Security Holders in Special Transactions which is excluded from the valuation requirement pursuant to section 5.4(1) and exempt from the minority approval requirement under section 5.7(f). The material change report in respect of the foregoing could not be filed in advance as there was not an agreement between the parties until today.

Early Warning Disclosure: SAM Holdings Ltd.

Pursuant to a Share Purchase Agreement dated December 15, 2020, SAM Holdings Ltd., located at 900, 332 - 6th Avenue S.W., Calgary, Alberta T2P 0B2, acquired 14,976,000 Class "A" Voting Common shares and 309,245,703 Class "B" Non-Voting Common shares in the capital of Whitemud (collectively, the "Shares") from Petrogas. The aggregate consideration paid for the Shares was comprised of a cash payment of \$149,760 and the release of the \$1 million letter of credit in favour of the Government of Saskatchewan, as represented by the Minister of Environment, with respect to the Company's metakaolin processing facility. SAM is owned and controlled by Stan and Marge Owerko.

Prior to acquiring the Shares, SAM did not hold any of the Company's issued and outstanding voting shares and now holds approximately 44% of Whitemud's outstanding voting shares. The aggregate purchase price allocated to the voting shares was \$149,760 (equal to the cash payment) or \$0.01 per share. The voting shares were acquired by SAM pursuant to the private agreement exemption under NI 62-102 - Take-over Bids and Issuer Bids as a condition of its sale of its shares of Petrogas to AltaGas Ltd. and will be held for investment purposes.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not Applicable.

Item 7. Omitted Information

None.

Item 8. Executive Officer

David Koplovich, Chief Financial Officer
Phone: 403-266-1985

Item 9. Date of Report

December 16, 2020