



**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING
OF SHAREHOLDERS
and
MANAGEMENT INFORMATION CIRCULAR**

September 29, 2020

WHITEMUD RESOURCES INC.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general and special meeting (the “**Meeting**”) of holders of Class “A” Common Shares (“**Common Shares**”) of Whitemud Resources Inc. (the “**Corporation**”) will be held at the offices of the Petrogas Energy Corp, Suite 3900, 205-5th Avenue SW, Calgary, Alberta, T2P2V7 on September 29, 2020 at the hour of 10:00 a.m. (Calgary time), for the following purposes:

1. to receive the audited financial statements of the Corporation for the financial year ended December 31, 2019 together with the auditors’ reports thereon;
2. to elect directors of the Corporation for the ensuing year;
3. to appoint the auditor of the Corporation for the ensuing year and to authorize the directors to fix the remuneration thereof; and
4. to ratify and approve the Class “A” stock option plan and the Class “B” stock option plan; and to transact such further and other business as may be properly brought before the Meeting or any adjournment thereof.

Every registered holder of Common Shares of the Corporation at the close of business on August 25, 2020, (the “**Record Date**”) is entitled to receive notice of, and to vote their Common Shares at the Meeting. The specific details of the matters proposed to be put before the Meeting are set forth in the Management Information Circular accompanying this Notice, which Management Information Circular forms part of this Notice.

Annual Meeting Date

Shareholders who are unable to attend the Meeting in person and who wish to ensure that their Common Shares will be voted at the Meeting are requested to complete, sign and deliver the enclosed form of proxy to the attention of the Corporate Secretary of the Corporation, c/o Computershare, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 (Attention: Proxy Department). In order to be valid and acted upon at the Meeting, forms of proxy must be returned to the aforesaid address not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment(s) thereof. Further instructions with respect to the voting by proxy are provided in the form of proxy and in the Management Information Circular accompanying this Notice.

Shareholders may beneficially own Common Shares that are registered in the name of a broker, another intermediary or an agent of that broker or intermediary (“**Non-Registered Shareholders**”). **Without specific instructions, intermediaries are prohibited from voting shares for their clients.** If you are a Non-Registered Shareholder, it is vital that the voting instruction form provided to you by your broker, intermediary or its agent is returned according to their instructions, sufficiently in advance of the deadline specified by the broker, intermediary or its agent, to ensure that they are able to provide voting instruction on your behalf.

PERSONAL ATTENDANCE AT MEETING DISCOURAGED DUE TO COVID-19 PANDEMIC

We intend to hold the Meeting in person. However, in view of the current and rapidly evolving COVID-19 outbreak, the Corporation asks that, in considering whether to attend the Meeting in person, Shareholders follow the instructions of the Public Health Agency of Canada (<https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection.html>) and Alberta Health Services (www.albertahealthservices.com). Access to our meeting will, subject our by-laws, be limited to essential personnel and registered Shareholders and proxyholders entitled to attend and vote at the meeting. The Corporation encourages Shareholders **not** to attend the Meeting in person, specifically if experiencing any of the described COVID-19 symptoms of fever, cough or difficulty breathing. The Corporation may take additional precautionary measures in relation to the Meeting in response to further developments in the COVID-19 outbreak. The Corporation strongly encourages Shareholders to vote prior to the Meeting by following the instructions set out in the form of proxy or voting instruction form provided to Shareholders and Non-Registered Shareholders. All proxies to be used at the Meeting must be received by Computershare Trust Company of Canada, the registrar and transfer agent for the Corporation, Attn: Proxy Department, 8th Floor, 100 University Ave, Toronto, ON, M5J 2Y1 at least 48 hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting or any adjournment thereof.

DATED at Calgary, Alberta, as of August 25, 2020.

By Order of the Board of Directors

(signed) “*Stan Owerko*”
Stan Owerko, Chief Executive Officer

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PART I – GENERAL PROXY MATTERS SOLICITATION OF PROXIES

Purpose of Solicitation

The information contained in this Management Information Circular dated August 25, 2020 is furnished in connection with the solicitation of proxies by or on behalf of the management of Whitemud Resources Inc. (the “Corporation”) for use at the Meeting of the holders (“Shareholders”) of Class “A” Common Shares (“Common Shares”) to be held on September 29, 2020 at the hour of 10:00 a.m. (Calgary Time), and at any adjournment(s) thereof for the purposes set out in the accompanying Notice of Meeting (the “Notice”). The solicitation of proxies hereunder is made by management of the Corporation and will be made primarily by mail; however, proxies may also be solicited personally or by telephone, facsimile or other means of communication by regular employees of the Corporation. The cost of any such solicitation will be borne by the Corporation.

Appointment and Revocation of Proxy

A Shareholder has the right to designate a person (who need not be a Shareholder) other than Mr. Stan Owerko, the Chief Executive Officer or, failing him, Mr. David Storoshenko, the President, respectively, of the Corporation, who are the management designees, to attend and act for such Shareholder at the Meeting. Such right may be exercised by inserting in the blank space provided on the proxy the name of the person to be designated and deleting therefrom the names of the management designees or by completing another instrument of proxy and, in either case, delivering the resulting instrument of proxy to the Corporate Secretary of the Meeting prior to any matter upon, which a vote has not already been cast pursuant to the authority conferred by the instrument of proxy.

A form of proxy will not be valid and will not be acted upon or voted unless it is duly completed and delivered to the attention of the Corporate Secretary of the Corporation, c/o Computershare, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 (Attention: Proxy Department), not less than 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or any adjournment(s) thereof. The instrument appointing a proxy shall be in writing and shall be executed by the Shareholder or the Shareholder’s attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

A record date for the determination of Shareholders entitled to receive notice of and vote at the Meeting has been set as August 25, 2020. Only holders of Common Shares of record as at that date are entitled to receive notice of the Meeting. Holders of Class “B” shares (“Class “B” Common Shares”) shareholders are not entitled to notice and may not vote at the Meeting.

Any transferee who has acquired Common Shares after the close of business on August 25, 2020 (the “Record Date”) will also be entitled to exercise his or her voting rights attached to said shares at the Meeting or at any reconvening thereof, in case of adjournment, provided that such transferee produces properly endorsed share certificate(s) representing the Common Shares or otherwise establishes ownership thereof, and makes a written request, at least ten (10) days prior to the Meeting, that his or her name be included on the list of Shareholders.

In addition to any other manner permitted by law, a Shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast by completing an instrument in writing executed by the Shareholder or the Shareholder’s attorney authorized in writing, or if the Shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, and by depositing such instrument of revocation either with the Corporate Secretary of the Corporation, c/o Computershare, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 (Attention: Proxy Department), at any time up to and including the last business day preceding the day of the Meeting, or with the Chairman of the Meeting on the date of the Meeting immediately prior to the commencement thereof or adjournment(s) thereof. In addition, a proxy may be revoked by the Shareholder personally attending at the Meeting and voting his or her Common Shares.

Voting of Proxies

All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting by the persons named in such proxy as proxy holder on any ballot that may be called for and where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the shares represented by the proxy will be voted or withheld from voting in accordance with such specification. **In the absence of any such specifications, the management designees, if named as proxy, will vote in favour of all the matters set out**

thereon. The enclosed instrument of proxy confers discretionary authority upon the management designees, or other persons named as proxy, with respect to amendments to or variation of matters identified in the Notice and any other matters which may properly come before the Meeting. At the date of this Management Information Circular, the management of the Corporation is not aware of any such amendments, variations or other matters. If other matters should properly come before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote such proxy according to their best judgement.

Voting of Shares

The Corporation has 34,026,300 Common Shares issued and outstanding as at August 25, 2020, each of which is entitled to one vote on any ballot conducted at the Meeting. Every resolution to be put before the Meeting shall be determined by a majority of the votes cast, in each case, in person or by proxy, by holders of Common Shares on the resolution. Holders of Class “B” common shares may not vote.

Advice to the Beneficial Shareholders

The information set forth in this section is of significant importance to any Shareholders who do not hold their Common Shares in their own name, referred to in this Management Information Circular as “Beneficial Shareholders”. Only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in your account statement provided by your broker, then in almost all cases those Common Shares will not be registered in your name on the records of the Corporation. Such Common Shares will likely be registered under the name of such shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co., the registration name for The Canada Depository for Securities Limited, which acts as nominees for many Canadian brokerage firms. Common Shares held by your broker or their nominee can only be voted upon your instructions. Without specific instructions, your broker or their nominee is prohibited from voting your shares. **Therefore, Beneficial Shareholders should ensure that instructions respecting voting of their Common Shares are communicated to the right person.**

Applicable regulatory policy requires your broker to seek voting instructions from you as a Beneficial Shareholder in advance of shareholder meetings. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your Common Shares are voted at the Meetings. Often, the form of proxy supplied by your broker is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on your behalf. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge mails a scannable voting instruction form in lieu of the form of proxy provided by the Corporation. The voting instruction form will name the same persons as the proxy to represent the Beneficial Shareholder at the Meeting. **A Shareholder has the right to appoint a person (who need not be a Shareholder of the Corporation) other than the persons designated in the voting instruction form, to represent the Shareholder at the Meeting.** To exercise this right, the Shareholder should insert the name of the desired representative in the blank space provided in the voting instruction form. You are asked to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, you can call Broadridge’s toll-free telephone number to vote your shares. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. If you receive a voting instruction form from Broadridge, it cannot be used as a proxy to vote shares directly at the Meeting as the proxy must be returned to Broadridge well in advance of the Meeting in order to have the shares voted or to appoint an alternative representative to attend at the Meeting in person to vote such shares.

Beneficial Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Corporation are referred to as NOBOs or non-objecting beneficial owners. Those Beneficial Shareholders who have objected to their intermediary disclosing ownership information about themselves to the Corporation are referred to as objecting beneficial owners of “**OBOs**”.

Pursuant to National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer (“**NI 54-101**”), the Corporation has distributed copies of proxy-related materials in connection with this Meeting (including this Information Circular) indirectly to all Beneficial Shareholders.

The Corporation is not relying on the notice and access delivery procedures outlined in NI 54-101 to distribute copies of the proxy related materials in connection with the Meeting.

The Corporation will bear the costs for intermediaries to deliver to OBOs (who have not otherwise waived their right to receive proxy-related materials) copies of the proxy-related materials and related documents.

All references to Shareholders in this Management Information Circular and the accompanying form of proxy and Notice are to Shareholders of record unless specifically stated otherwise. Where documents are stated to be available for review or inspection, such items will be shown upon request to registered Shareholders who produce proof of their identity.

PART II - MATTERS TO BE CONSIDERED AT THE MEETING

Financial Statements and Auditors Report

Shareholders will be presented with the annual financial statements of the Corporation for the fiscal year ended December 31, 2019. However, no action is required to be taken by Shareholders thereon.

Election of Directors

Holders of Common Shares of the Corporation will be asked to elect three (3) directors for the ensuing year. The persons named in the form of proxy accompanying this Management Information Circular intend to vote for the election of the nominees whose names are set forth below, each of whom is now a director of the Corporation and has been a director of the Corporation since the date indicated unless the Shareholder who has given such proxy has directed that the Common Shares represented by such proxy be withheld from voting in respect of the election of a director or directors of the Corporation. Management of the Corporation does not contemplate that any of such nominees will be unable to serve as a director of the Corporation for the ensuing year but if that should occur for any reason prior to the Meeting or any adjournment thereof, the persons named in the form of proxy accompanying this Management Information Circular have the right to vote for the election of the remaining nominees and may vote for the election of a substitute nominee in their discretion. Each director of the Corporation elected at the Meeting will hold office until the first annual meeting of the Shareholders of the Corporation held following his election unless he resigns or is removed as a director of the Corporation in accordance with the by-laws of the Corporation prior to such date.

The names and municipality of residence of the nominees, their position with the Corporation, their principal occupation during the last five years, the date upon which they became a director of the Corporation and the number of Common Shares beneficially owned, directly or indirectly, by them, or over which control or direction is exercised by them, as of August 25, 2020, are as follows:

| Name and Municipality of Residence | Position | Principal Occupation | Date Elected/ Appointed Director | Common Shares Owned or Over Which Control or Direction is Exercised |
|--|---|--|--|---|
| Stan Owerko ⁽¹⁾ Calgary, Alberta, Canada | Director and Chief Executive Officer | Chief Executive Officer of the Corporation since 2011; President and Chief Executive Officer of Petrogas Energy Corp. since 1986. | August 12, 2011 | 100,000 |
| Vincent Davoli ⁽¹⁾⁽²⁾ Calgary, Alberta, Canada | Director | Business consultant, director and formerly Senior Vice President of Ellis Don Construction Services since 1991. He joined Ellis Don in 1983 and has extensive experience in the construction industry. | August 12, 2011 | Nil |
| Al Kroontje ⁽¹⁾⁽²⁾ Calgary, Alberta, Canada | Director and Chairman of the Board of Directors | Independent businessman, a current or former director and/or officer of certain TSXV listed companies engaged in the resource sector. | August 12, 2011 | Nil |

Notes:

- (1) Member of the Audit Committee. Mr. Davoli is the Chair of the Audit Committee.
- (2) Member of the Corporate Governance and Compensation Committee. Mr. Kroontje is the Chair of the Corporate Governance and Compensation Committee.

Other than as set forth below, no proposed director:

- (a) is, as at the date of this Management Information Circular, or has been, within 10 years before the date of this Management Information Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that,
 - (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) is, as at the date of this Management Information Circular, or has been within 10 years before the date of this Management Information Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

For purpose of the above, “order” means:

- (a) a cease trade order;
- (b) an order similar to a cease trade; or
- (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

Al Kroontje was a director of Cobalt Coal Ltd. (“Cobalt”) from October 2009 to February 2014. On October 5, 2012, the Alberta and British Columbia Securities Commissions issued cease trade orders as a result of Cobalt’s failure to meet a deadline to file an updated technical report, compliant with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*. The technical report was filed on November 15, 2012 and the orders were revoked on November 27, 2012.

No proposed director has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Appointment of Auditor

Unless specifically instructed in the proxy to withhold such vote, the person(s) designated as proxy holder(s) in the accompanying form of proxy intend to vote for the appointment of MNP LLP as auditors of the Corporation to hold office until the next annual general meeting of Shareholders and to authorize the directors to fix their remuneration.

Stock Option Plans

Holders of Common Shares previously approved the following stock options plans: (i) a stock option plan for Common Shares (the “**Common Share Plan**”); and (ii) a stock option plan for Class “B” Common Shares (the “**Class B Plan**”) (the Common Share Plan and Class B Plan hereinafter collectively referred to as the “**Plans**”) the text of which are attached as Schedule A-1 and A-2. Pursuant to the TSX Venture Exchange (“**TSXV**”) policies, the Plans must be submitted to the Corporation’s Shareholders for re-approval at each annual general meeting.

The number of Common Shares or Class B Common Shares, as the case may be, subject to each stock option (“**Option**”), the exercise price of each Option (the “**Exercise Price**”), the expiration date of each Option, the extent to which each Option is exercisable and/or vested from time to time during the term of the Option and any other terms and conditions relating to the Options are to be determined by the Board of Directors. The term of an Option shall not exceed ten years from the date of grant of the Option. If the shares under any applicable Plan are listed on the TSXV, the Exercise Price shall, in no circumstances, be lower than the closing price of such listed shares on the last trading day preceding the day on which such Options are granted.

Description of Voting Securities

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of Class “B” Common Shares without nominal or par value, of which 34,026,300 Class “A” Common Shares and 326,499,700 Class “B” were issued and outstanding as at August 25, 2020 as fully paid and non-assessable.

The holders of all of the Common Shares and Class “B” Common Shares are entitled to dividends, if, as and when declared by the Board of Directors and upon liquidation, to share equally such assets of the Corporation as are distributable to the holders of the Common Shares and Class “B” Common Shares. . Class “A” Shareholders are entitled to one vote per share at meetings of Shareholders of the Corporation. Class “B” Shareholders are not entitled to vote.

Principal Shareholders

There are no shareholders owning, of record or beneficially, directly or indirectly, more than 10% of the issued and outstanding Common Shares of the Corporation as of the date of this Management Information Circular other than the following:

| Shareholder | No. of Common Shares (%) |
|--------------------------------------|----------------------------------|
| Petrogas Energy Corp. ⁽¹⁾ | 14,976,000 Common Shares (44.0%) |

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Composition of the Corporate Governance and Compensation Committee

The Corporate Governance and Compensation Committee of the Corporation, comprised of Messrs. Kroontje and Davoli (who are both independent), make determinations and recommendations to the directors of the Corporation with respect to the cash and incentive compensation of the executive officers of the Corporation. Mr. Kroontje and Mr. Davoli both have experience in executive compensation from their other director positions.

The primary goal of the Committee in regards to compensation is to ensure that the overall compensation provided to the executive officers of the Corporation is determined with regard to, and is consistent with, the business strategies and objectives of the Corporation, such that the financial interests of the executive officers of the Corporation are congruent with the financial interests of the shareholders of the Corporation. The compensation program of the Corporation is designed to reward performance that is consistent with this goal.

In arriving at its compensation decisions, the Corporate Governance and Compensation Committee considers a number of factors, including the responsibilities and experience of the individuals, the performance of the

individuals, and the overall performance of the Corporation and the long-term interests of the Corporation. The Corporate Governance and Compensation Committee must have a written policy with respect to compensation. The Committee undertakes informal market comparisons of similar sized companies in the same industry and provides advice to the Board of Directors on developing appropriate compensation arrangements, including provisions for severance and change of control. Recommendations for executive compensation are made by the Committee to the full Board of Directors for approval.

The compensation program of the Corporation is comprised of the salary, stock options, and non-equity compensation.

Base Salaries

The Corporate Governance and Compensation Committee recommends to the Board of Directors of the Corporation base salaries for each of the executive officers of the Corporation, taking into consideration the recommendations from the Chief Executive Officer of the Corporation (other than for the Chief Executive Officer), the current potential contribution of the executive officer to the success of the Corporation and competitive industry pay practices for comparable positions at businesses of a comparable size.

Incentive Plan Awards

Stock Option Plan

The purpose of the stock option plans are to afford individuals who provide services to the Corporation or any of its subsidiaries or affiliates, including directors, officers, employees and consultants (“**Participants**”), an opportunity to obtain a proprietary interest in the Corporation by permitting them to purchase Common Shares or Class “B” Common Shares and to aid in attracting, as well as retaining and encouraging the continued involvement of, such individuals with the Corporation. The Corporation has no outstanding stock options and no options have been granted under its current stock option plans.

Annual Incentive Plans – Non-Equity Compensation

In addition to base salaries, the Corporation may award cash bonuses to employees of the Corporation, including executive officers based on the performance of the Corporation and individual performance during the year. The award of a bonus is determined, in the case of employees, by senior management of the Corporation. Bonus levels for the Vice-Presidents, the Chief Financial Officer and the President are established by the Chief Executive Officer and approved by the Corporate Governance and Compensation Committee and the Chief Executive Officer. The Chief Executive Officer’s bonus is established by the Corporate Governance and Compensation Committee in consultation with the Board of Directors. In the case of non-executive employees, bonuses are based on the employee’s contribution in adding share value and reducing costs and the employee’s contribution to overall corporate goals. In the case of executive officers, including the Chief Executive Officer, bonus awards are discretionary and there are no specified targets or criteria set out, although matters such as the completion of annual goals, impact of efficiency of operations, and economic outcome of decisions within their respective areas of responsibility are considered in the determination of bonus awards. No maximum bonus has been established for any executive officer. No bonuses were awarded to the Named Executive Officers in either 2019 or 2018 as set forth under “*Summary Compensation Table*”.

The Corporate Governance and Compensation Committee does not follow a specific process for determining perquisites and personal benefits as they do not form a significant portion of the Named Executive Officers compensation package. Any such compensation is determined by the Committee on an ad hoc basis.

Summary

The Corporate Governance and Compensation Committee and the Board of Directors will continue to review compensation policies to ensure that they are competitive within the mining industry and consistent with the performance of the Corporation. Given the size of the Corporation, the Corporate Governance and Compensation Committee has not considered the risks of the Corporation’s compensation policies and practices. The Corporation does not have any policies with respect to Named Executive Officers or directors purchasing financial instruments to hedge market value of equity securities granted as compensation.

Summary Compensation Table

The following table sets forth certain information concerning the compensation paid to the Corporation's Chief Executive Officer, President, Chief Financial Officer and Chief Financial Officer, (the "Named Executive Officers") at the end of the year ended December 31, 2019. No executive officer of the Corporation had total annual salary and bonus in the last completed financial year exceeding \$150,000.

| Name and principal position | Year | Salary ⁽²⁾ (\$) | Share-based awards (\$) | Option-based awards (\$) | Non-equity incentive plan compensation (\$) ⁽²⁾ | | Pension value (\$) | All other Compensation ⁽⁴⁾ (\$) | Total Compensation (\$) |
|--|------|-------------------------------|----------------------------|-----------------------------|---|--|-----------------------|---|----------------------------|
| | | | | | Annual incentive plans ⁽³⁾ | Long-term incentive plans ⁽³⁾ | | | |
| Stan Owerko ⁽¹⁾ <i>Chief Executive Officer</i> | 2019 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2018 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2017 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| David Storoshenko ⁽¹⁾ <i>President</i> | 2019 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2018 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2017 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| David Koplovich <i>Chief Financial Officer</i> | 2019 | 42,000 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2018 | 41,300 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | 2017 | 43,200 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

Notes:

- (1) Mr. Owerko was appointed the Chief Executive Officer on August 17, 2011. Mr. Storoshenko was appointed the President on August 17, 2011.
- (2) Includes consulting fees, retainers and commissions.
- (3) There are no non-equity incentive plans or awards.
- (4) Includes bonuses, committee or meeting fees and perquisites.

Outstanding share-based awards and option-based awards

There are no outstanding share or option-based awards for Named Executive Officers at the end of the year ended December 31, 2019.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each Named Executive Officer, the value of options-based awards and share-based awards, which vested during the year ended December 31, 2019 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2019.

Year Ended December 31, 2019

| Name | Option-based awards – Value vested during the year (\$) | Share-based awards – Value vested during the year (\$) | Non-equity incentive plan compensation – Value Earned during the year (\$) |
|-------------------|---|--|--|
| Stan Owerko | Nil | Nil | Nil |
| David Storoshenko | Nil | Nil | Nil |
| David Koplovich | Nil | Nil | Nil |

Pension Plan Benefits

The Corporation does not provide any pension plan benefits or deferred compensation.

Termination and Change of Control Benefits

None of the Named Executive Officers have an employment contract in place. There are no agreements that provide for payment to any of the Named Executive Officers in the event a change of control.

Director Compensation

Other than the right to participate in the Stock Option Plan and be granted options, directors of the Corporation do not receive any compensation for services rendered in such capacity. Executive officers of the Corporation who also act as directors do not receive any compensation for services rendered in such capacity other than as paid by the Corporation to such executive officers in their capacity as executive officers.

The following table sets forth the year ended December 31, 2019, information concerning the compensation paid to our directors other than directors who are also Named Executive Officers.

Year Ended December 31, 2019

| Name | Fees earned (\$) | Share-based awards (\$) | Option-based awards (\$) | Non-equity incentive plan compensation (\$) | Pension value (\$) | All other compensation (\$) | Total (\$) |
|----------------|------------------|-------------------------|--------------------------|---|--------------------|-----------------------------|------------|
| Vincent Davoli | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Al Kroontje | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

Directors' Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth for each of our directors other than directors who are also Named Executive Officers, the value of option-based awards and share-based awards outstanding at the end of the year ended December 31, 2019.

Year Ended December 31, 2019

| Name | Option-based Awards | | | | Share-based Awards | |
|----------------|---|----------------------------|------------------------|--|--|--|
| | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) |
| Vincent Davoli | Nil | Nil | N/A | Nil | Nil | Nil |
| Al Kroontje | Nil | Nil | N/A | Nil | Nil | Nil |

Directors' Incentive Plan Awards – Value Vested or Earned during the Year

The following table sets forth for each of our directors other than directors who are also Named Executive Officers, the value of option-based awards and share-based awards, which vested during the year ended December 31, 2019 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2019.

Year Ended December 31, 2019

| Name | Option-based awards – Value vested during the year (\$) | Share-based awards – Value vested during the year (\$) | Non-equity incentive plan compensation – Value earned during the year (\$) |
|----------------|---|--|--|
| Vincent Davoli | Nil | Nil | Nil |
| Al Kroontje | Nil | Nil | Nil |

During the financial year ended December 31, 2019, there were no options vested and no non-equity incentive plan compensation was provided to any director of the Corporation.

Securities Authorized for Issuance Under Equity Compensation Plans

There were no securities authorized for issuance under the Plans or other Equity Compensation Plans as at December 31, 2019.

Management Contracts

Except as described below, no management functions of the Corporation were to any substantial degree performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

The Corporation provides certain management services to Petrogas Energy Corp. (“**Petrogas**”), including negotiation of the supply and sales of liquefied petroleum gas (“**LPGs**”) as a service provider to producers and marketers in the oil and gas industry. These services are provided by Corporation pursuant to a liquefied petroleum gas business supply management agreement dated effective January 1, 2016 (the “**LPG Supply Management Agreement**”). In exchange for such services the Corporation pays to Petrogas a monthly retainer of \$50,000. The LPG Supply Management Agreement has a termination date of December 31, 2020, which term may be extended by mutual agreement of the Corporation and Petrogas.

The Corporation has had significant transactions with Petrogas, which is a Control Person (as such term is defined in the policies of the TSXV) of the Corporation and is considered to be an informed person for the purpose National Instrument 52-102 - Continuous Disclosure Obligations. Petrogas has offices located at Suite 3900, 205-5th Avenue SW, Calgary, Alberta, T2P 2V7. See *Interest of Management and Others in Material Transactions* below for a summary of these transactions.

Interest of Management and Others in Material Transactions

Other than as herein set forth below, no informed person of the Corporation, director or executive officer of the Corporation or any associate or affiliate of such persons has had any material interest, direct or indirect, in any transaction of the Corporation during the last fiscal year.

The Corporation had significant transactions with Petrogas entities in 2019, including LPG sales of \$15,923,587 (where the cost of goods sold was \$9,371,895), and intends to continue with its marketing and distribution initiatives in an attempt to generate income and stabilize the Corporation financially. The Corporation is also party to several LPG marketing contracts with Petrogas for the supply and sale of field grade butane by the Corporation to Petrogas and by Petrogas to the Corporation. These LPG marketing contracts became effective April 1, 2020 and expire on March 31, 2021.

The Corporation entered into a loan amending agreement with Petrogas and Kasten Resources Inc. (“**Kasten**”) effective December 31, 2018 (“**Loan Amendment**”) whereby Petrogas and Kasten, as creditors, agreed to waive all of the interest accrued on the promissory notes payable, to make such notes non-interest bearing and to extend the maturity date of the loans. Petrogas and Kasten have also provided the TSXV with an undertaking not to call the debt (and provide relief from the repayment requirements thereof) prior to December 31, 2020 without prior notice and thereafter on a year-by-year basis. In the fourth quarter of 2019, the Corporation repaid \$500,000 to Petrogas pursuant to its debt reduction plan.

In addition, Petrogas provides the Corporation with general head office and administrative services at a rate of \$6,552 per month pursuant to Services Agreement dated January 1, 2019.

Audit Committee

The directors of the Corporation have established the Audit Committee to consist of three directors: Mr. Davoli, Mr. Kroontje and Mr. Owerko. The Audit Committee is responsible for, and assists the Board of Directors in fulfilling its responsibility for: (i) the oversight and supervision of the audit of financial statements of the Corporation; (ii) the management of the relationship with the auditor of the Corporation; (iii) meeting with the auditor as required in connection with the audit services provided by the auditor; (iv) the oversight and supervision of the accounting and

financial reporting practices and procedures of the Corporation; (v) the oversight and supervision of the adequacy of the Corporation’s internal accounting controls and procedures; and (vi) the oversight and supervision of the quality and integrity of the Corporation’s financial statements.

The Corporation is a venture issuer and relies on the exemption provided under National Instrument 52-110 with respect to the requirements for audit committee composition and reporting obligations.

The text of the mandate of the Audit Committee is attached as Schedule “B” to this Management Information Circular.

Mr. Davoli and Mr. Kroontje are considered to be independent directors. Mr. Owerko is not independent as he is also an officer of the Corporation. All members of the Audit Committee are considered to be financially literate.

Education and Experience

The following are brief descriptions of the qualifications of the current members of the Audit Committee:

Vincent Davoli

Vincent Davoli is a director of EllisDon Construction Services Inc. He was formerly a Senior Vice President of the company, until his recent retirement in early 2017. He obtained his B.Sc. Civil Engineering at the University of Calgary and joined EllisDon in 1983. He has been involved in all aspects of projects from the initial design to final completion. As Senior Vice President for Western Canada, Mr. Davoli has been instrumental in leading a team of results-oriented construction professionals who have earned the respect of clients for delivering projects on time and within budget. The Western Canada Division of EllisDon completes more than \$750 million in new construction annually. Mr. Davoli also serves as a Director for Renfrew Educational Services, a non-profit organization. Mr. Davoli has been appointed as Chair of the Audit Committee effective January 1, 2017.

Al Kroontje

Mr. Kroontje is an independent businessman with extensive experience acting as a director and senior officer of numerous publicly traded companies and has been on numerous audit committees. Mr. Kroontje is a Director is currently a director of Lithium Chile Inc., Big Dougie Capital Corp. and Tailwind Capital Corporation, each of which are listed on the TSX Venture Exchange.

Stanley Owerko

Stanley Owerko is a director and Chief Executive Officer of the Corporation and is therefore, not an independent member of the Audit Committee. He has also been a director and officer of Petrogas Energy Corp. (“**Petrogas**”) since 1986. Mr. Owerko has been a director of several TSX listed companies and is the owner of several private companies involved in, among other things, primarily the oil and gas industry. As a founder of Petrogas, Mr. Owerko has been involved in all aspects of successfully managing the growing business of the company, including without limitation oversight of various acquisitions, dispositions and bank financing transactions.

Pre-Approval Policies and Procedures

The Audit Committee reviews and pre-approves any engagement for non-audit services to be provided by the external auditors or its affiliates, together with estimated fees and considers the impact on the independence of the external auditor.

External Auditor Service Fees

The following table provides information about the fees billed to the Corporation for professional services rendered by MNP LLP, Chartered Accountants during the 2019 and 2018 fiscal years:

| | <u>2019</u> | <u>2018</u> |
|---|---------------|---------------|
| Audit Related Fees⁽¹⁾ | 31,000 | 30,000 |
| Tax Fees⁽²⁾ | - | - |
| All Other Fees⁽³⁾ | <u>12,000</u> | <u>2,500</u> |
| Total | <u>43,000</u> | <u>32,500</u> |

Notes:

- (1) Audit fees consist of fees for the audit of the Corporation's annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements.
- (2) Tax fees consist of filing corporate tax returns.
- (3) All Other Fees consist of fees for services not included in Notes 1 and 2.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

The Corporation is relying upon the exemption in Section 6.1 of NI 52-110 in respect of its reporting obligations under NI 52-110.

Corporate Governance

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with the day-to-day management of the Corporation. The Board of Directors is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101"), which came into effect for financial years ending on or after June 30, 2005, the Corporation is required to disclose its corporate governance practices as summarized below.

Board of Directors

The Board of Directors is currently comprised of three (3) members: Messrs. Kroontje, Owerko and Davoli. All of these individuals are nominated for re-election at the Meeting. Messrs. Kroontje and Davoli are independent directors of the Corporation.

Mr. Stan Owerko, Chief Executive Officer of the Corporation is a member of management. A corporation 33⅓% owned indirectly by Mr. Owerko, is a significant creditor of the Corporation and as a result he is not an independent director of the Corporation. NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as "independent" directors. An "independent" director is a director who has no direct or indirect material relationship with the Corporation. A material relationship is a relationship which could, in the view of the board of directors, reasonably interfere with the exercise of a director's independent judgment. Other than Audit Committee meetings, the independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. The Board of Directors of the Corporation facilitates independent supervision of management through meetings of the Board of Directors and through informal discussions among independent members of the Board of Directors and management. In addition, the Board of Directors have free access to the Corporation's external auditors, legal counsel and to any of the Corporation's officers.

Directorships

The following directors of the Corporation are also directors of the following reporting issuers (or the equivalent).

Al Kroontje

Mr. Kroontje is a Director of, Lithium Chile Inc., Big Dougie Capital Corp., Tailwind Capital Corporation, each of which are listed on the TSX Venture Exchange and if a director of Kairos Metals Corp. a non-listed reporting issuer.

Stan Owerko

Mr. Owerko is a Director of Sifton Petroleum Inc.

Orientation and Continuing Education

The Corporation has not implemented a formal orientation and continuing education program. At present, new directors are given an outline of the nature of the Corporation's business, its corporate strategy and current issues with the Corporation. New directors are also expected to meet with management of the Corporation to discuss and better understand the Corporation's business and will be advised by counsel to the Corporation of their legal obligations as directors of the Corporation.

The introduction and education process will be reviewed on an annual basis by the Board of Directors and will be revised as necessary.

Ethical Business Conduct

The Board of Directors has considered adopting a written code of business conduct and ethics and has decided it is unnecessary to adopt such a code at the present time due to the size of the Corporation and the current activity level of the Corporation.

The Board of Directors is of the view that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board of Directors in which the director has an interest has been sufficient to ensure that the Board of Directors operates independently of management and in the best interests of the Corporation.

Nomination of Directors and Corporate Compensation

The Corporate Governance and Compensation Committee, consisting of Messrs. Kroontje and Davoli is currently responsible for development and implementation of principles and systems for the management of corporate governance and identifying qualified candidates and recommending nominees for director and board committee appointments. The Corporate Governance and Compensation Committee annually reviews the general and specific criteria to consider when directors are being appointed to the Board of Directors. The objective of this review is to recommend that appointments be made to provide the best mix of skills and experience to guide the long-term strategy and ongoing business operations of the Corporation. The review takes into account the desirability of maintaining a balance of skills, experience and background, with appropriate diversity, along with the key common characteristics required for effective participation.

This Committee is currently responsible for reviewing all compensation strategy, objectives and policies; annually reviewing and assessing the performance of the executive officers; determining the compensation of executive officers and reviewing executive appointments.

It is also responsible for making recommendations to the Board in respect of compensation matters.

Other Board of Directors Committees

The Corporation has no standing committees at this time other than the Audit Committee and the Corporate Governance and Compensation Committee as discussed above.

Assessments

The Board of Directors has not implemented a process for assessing its effectiveness. As a result of the Corporation's size, its stage of development and the limited number of individuals on the Board of Directors, the

Board of Directors consider a formal assessment process to be inappropriate at this time. The Board of Directors plan to continue evaluating its own effectiveness on an ad hoc basis.

The Board of Directors do not formally assess the performance or contribution of individual Board of Directors members or committee members.

Indebtedness of Directors and Executive Officers

None of the executive officers directors, employees (present or former) are indebted to the Corporation or its subsidiaries.

Interest of Certain Persons in Matters to be Acted Upon

Except as described elsewhere herein, none of the directors or executive officers of the Corporation, nor any of their associates or affiliates, has any substantial interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

Additional Information

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information in respect of the Corporation and its affairs is provided in the Corporation's annual audited comparative financial statements for the years ended December 31, 2019 and December 31, 2018 and the related management's discussion and analysis. Shareholders may contact the Corporation to request copies of the Corporation's financial statements and management's discussion and analysis by telephone at (403) 809-4385, by facsimile at (403) 263-5035, or by email at dkoplovich@petrogascorp.com.

Other Matters

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual General and Special Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

Approval by the Board

The contents and sending of this Management Information Circular - Proxy Statement has been approved by the Board of Directors of the Corporation.

DATED August 25, 2020

**SCHEDULE “A-1”
CLASS “A” COMMON SHARE
STOCK OPTION PLAN**

WHITEMUD RESOURCES INC.

1. Purpose of Plan

The purpose of the Whitemud Resources Inc. (the “**Corporation**”) Class A Share Stock Option Plan (the “**Plan**”) is to assist the Corporation in attracting, retaining and motivating directors, officers, consultants and employees of the Corporation and its subsidiaries and to closely align the personal interests of such directors, officers, employees and consultants with those of the shareholders of the Corporation by providing them with the opportunity, through options, to acquire Class “A” Common Shares (“**Common Shares**”) in the capital of the Corporation.

2. Administration

The Plan shall be administered by the Board of Directors of the Corporation, which shall have full and final authority and discretion, subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it and to make all other determinations deemed necessary or advisable for the administration of the Plan, provided that where the Common Shares are listed or quoted on a stock exchange, including the TSX Venture Exchange (the “**TSXV**”), the Plan shall be subject to the rules and policies of any such exchange or quotation system. The Board of Directors may delegate any or all of its authority and discretion with respect to the administration of the Plan to a Corporate Governance and Compensation Committee of directors. When used hereafter in the Plan, Board of Directors shall be deemed to include the Compensation Committee (or such other committee with similar duties and responsibilities) acting on behalf of the Board of Directors.

3. Number of Shares Under Plan

The maximum number of unissued Common Shares that may be subject to options granted and outstanding under the Plan at any time shall be 10% of the number of the issued and outstanding Common Shares on an undiluted basis, including any Common Shares issued as a result of the exercise of any Stock Options under the Plan (“**Outstanding Common Shares**”) from time to time, provided that:

- (a) in no event shall options be granted to an individual to purchase in excess of five percent of the then outstanding Common Shares of the Corporation in any 12 month period;
- (b) in no event shall (i) the number of Common Shares reserved for issuance under stock options granted to Insiders (as defined in TSXV Policy 1.1); or (ii) options be granted to Insiders (as defined in TSXV Policy 4.4), in either case, that permit the purchase of in excess of ten percent of the then outstanding shares in any 12 month period;
- (c) options representing no more than two percent of the issued Common Shares of the Corporation may be granted to any one Consultant (as defined in TSX-V Policy 4.4) in any 12 month period;
- (d) options representing no more than an aggregate of two percent of the issued Common Shares of the Corporation may be granted to an Employee (as defined in TSXV Policy 4.4) conducting Investor Relations Activities (as defined in TSXV Policy 4.4), in any 12 month period; and
- (e) if option rights granted to an individual under the Plan in respect of certain Optioned Shares expire or terminate for any reason without having been exercised, such Optioned Shares may be made available for other options to be granted under the Plan.

4. Eligibility

Options may be granted under the Plan to such directors, officers and Employees, Consultants or Management Company Employees (as defined in TSXV Policy 4.4) to the Corporation or its subsidiaries as the Board of Directors may from time to time designate as participants (the “**Participants**”) under the Plan. Subject to the provisions of the Plan, the total number of Optioned Shares to be made available under the Plan and to each Participant, the time or times and price or prices at which options shall be granted, the time or times at which such options are exercisable and any conditions or restrictions on the exercise of options shall be in the full and final discretion of the Board of Directors.

5. Terms and Conditions

All options under the Plan shall be granted upon and subject to the terms and conditions hereinafter set forth.

(a) Exercise Price

The exercise price to each Participant for each Optioned Share shall be as determined by the Board of Directors in its sole discretion, provided that if the Shares are listed on the TSXV such exercise price cannot be lower than the Discount Market Price (as defined in TSXV Policy 1.1) and further provided that disinterested Shareholder approval will be obtained for any reduction in the exercise price if the participant is an Insider (as defined in TSXV Policy 1.1) of the Corporation at the time of the proposed amendment;

(b) Option Agreement

All options granted under the Plan shall be evidenced by means of an agreement (the “**Option Agreement**”) between the Corporation and each Participant in a form as may be approved by the Board of Directors, such approval to be conclusively evidenced by the execution of the Option Agreement by any director of the Corporation other than the Participant. The Corporation shall represent in each Option Agreement that the Participant is a bona fide director, officer, employee or consultant of the Corporation or its subsidiaries.

(c) Length of Grant

All options granted under the Plan shall expire not later than the tenth anniversary of the date such options were granted and may be exercised by the Participant as to such varying percentages, on a cumulative basis, during the terms thereof as the Board of Directors shall determine.

(d) Non-Assignability of Options

An option granted under the Plan shall not be transferable or assignable (whether absolutely or by way of mortgage, pledge or other charge) by a Participant other than to a Participant’s Registered Retirement Savings Plan or wholly-owned corporation or by will or other testamentary instrument or the laws of succession and may be exercisable during the lifetime of the Participant only by such Participant.

(e) Right to Postpone Exercise

Each Participant, upon becoming entitled to exercise an option in respect of any Optioned Shares in accordance with the Option Agreement, shall thereafter be entitled to exercise the option to purchase such Optioned Shares at any time prior to the expiration or other termination of the Option Agreement or the option rights granted thereunder in accordance with such agreement.

(f) Exercise and Payment

Any option granted under the Plan may be exercised by a Participant or the legal representative of a Participant giving notice to the Corporation specifying the number of Common Shares in respect of which such option is being exercised, accompanied by payment (by cash or certified cheque payable to the Corporation) of the entire exercise price (determined in accordance with the Option Agreement) for the number of Common Shares specified in the notice. Upon any such exercise of an option by a Participant the Corporation shall promptly deliver to such Participant or the legal representative of such Participant, as the case may be, a share certificate in the name of such Participant or the legal representative of such Participant, as the case may be, representing the number of Common Shares specified in the notice.

(g) Rights of Participants

The Participants shall have no rights whatsoever as shareholders in respect of any of the Optioned Shares (including, without limitation, any right to receive dividends or other distributions therefrom, voting rights, warrants or rights under any rights offering) other than in respect of Optioned Shares for which Participants have exercised their option to purchase and which have been issued by the Corporation.

(h) Third Party Offer

If at any time when an option granted under the Plan remains unexercised with respect to any Optioned Shares, an offer to purchase all of the Common Shares of the Corporation is made by a third party, the Corporation shall use its best efforts to bring such offer to the attention of the Participants as soon as practicable and the Corporation may, at its option, require the acceleration of the time for the exercise of the option rights granted under the Plan and of the time for the fulfilment of any conditions or restrictions on such exercise.

(i) Alterations in Shares

In the event of a share dividend, share split, issuance of Common Shares or instruments convertible into Common Shares (other than pursuant to the Plan) for less than market value, share consolidation, share reclassification, exchange of Common Shares, recapitalization, amalgamation, merger, consolidation, corporate Continuance, reorganization, liquidation or the like of or by the Corporation, the Board of Directors may make such adjustment, if any, of the number of Optioned Shares, or of the exercise price, or both, as it shall deem appropriate to give proper effect to such event, including to prevent, to the extent possible, substantial dilution or enlargement of rights granted to Participants under the Plan. In any such event, the maximum number of Common Shares available under the Plan may be appropriately adjusted by the Board of Directors. If because of a proposed merger, amalgamation or other corporate Continuance or reorganization, the exchange or replacement of Common Shares in the Corporation for those in another corporation is imminent, the Board of Directors may, in a fair and equitable manner, determine the manner in which all unexercised option rights granted under the Plan shall be treated including, for example, requiring the acceleration of the time for the exercise of such rights by the Participants and of the time for the fulfilment of any conditions or restrictions on such exercise. All determinations of the Board of Directors under this paragraph (i) shall be full and final.

(j) Change of Control

In the event of the sale by the Corporation of all or substantially all of the property and assets of the Corporation as an entirety prior to the expiry time of Options, such Options may be exercised, as to all or any of the Common Shares in respect of which such Options have not previously been exercised (including in respect of the right to purchase Common Shares not otherwise vested at

such time), by a Participant at any time up to and including, but not after, thirty (30) days following the date of the completion of such sale or prior to the expiry time of such Options, whichever is earlier.

In the event the Corporation's common shareholders receive a "take-over bid" as defined in the Securities Act (Alberta), as amended, or any successor legislation thereto, pursuant to which the offeror as a result of such take-over bid, if successful, would beneficially own in excess of 30% of the outstanding Common Shares of the Corporation, Options may be exercised, as to all or any of the Common Shares in respect of which such Options have not previously been exercised (including in respect of Common Shares not otherwise vested at such time), by a Participant at any time prior to the thirtieth (30th) day following the date of the take-over bid offer.

(k) Termination

If a Participant is dismissed as an officer or employee of, or consultant to, the Corporation or one of its subsidiaries for cause, all unexercised option rights of that Participant under the Plan shall immediately become terminated and shall lapse notwithstanding the original term of the option granted to such Participant under the Plan.

(l) Retirement or Resignation

If a Participant ceases to be a director, officer, Management Company Employee, employee of, or consultant to, the Corporation or of one of its subsidiaries as a result of:

- (i) retirement at the normal retirement age prescribed by the Corporation pension plan, if any; or
- (ii) resignation;

such Participant shall have the right for a period of 30 days (or until the normal expiry date of the option rights of such Participant if earlier) from the date of ceasing to be a director, officer, employee or consultant to exercise the option under the Plan with respect to all Optioned Shares of such Participant to the extent they were exercisable on the date of ceasing to be a director, officer, employee or consultant. Upon the expiration of such 30 day period all unexercised option rights of that Participant shall immediately become terminated and shall lapse notwithstanding the original term of the option granted to such Participant under the Plan.

(m) Disabled Participant

If a Participant ceases to be an officer or employee of, or consultant to, the Corporation or of one of its subsidiaries as a result of disability or illness preventing the Participant from performing the duties routinely performed by such Participant, such Participant shall have the right for a period of 90 days (or until the normal expiry date of the option rights of such Participant if earlier) from the date of ceasing to be an officer or employee to exercise the option under the Plan with respect to all Optioned Shares of such Participant to the extent they were exercisable on the date of ceasing to be an officer or employee. Upon the expiration of such 90 day period all unexercised option rights of that Participant shall immediately become terminated and shall lapse notwithstanding the original term of the option granted to such Participant under the Plan.

(n) Investor Relations Participant

In the event that an employee who is engaged in Investor Relations Activities ceases to be employed by the Corporation or its subsidiaries such employee shall have the right for a period of 30 days (or until the normal expiry date of the option rights of such Participant if earlier) from the date of ceasing to be an employee to exercise the option under the Plan with respect to all Optioned Shares of such Participant to the extent they were exercisable on the date of ceasing to

be an employee. Upon the expiration of such 30 day period all unexercised option rights of that Participant shall immediately become terminated and shall lapse notwithstanding the original term of the option granted to such Participant under the Plan.

(o) **Deceased Participant**

In the event of the death of any Participant, the legal representatives of the deceased Participant shall have the right for a period of 180 days (or until the normal expiry date of the option rights of such Participant if earlier) from the date of death of the deceased Participant to exercise the deceased Participant's option with respect to all of the Optioned Shares of the deceased Participant to the extent they were exercisable on the date of death. Upon the expiration of such period all unexercised option rights of the deceased Participant shall immediately become terminated and shall lapse notwithstanding the original term of the option granted to the deceased Participant under the Plan.

(p) **Representation**

For any options granted to Employees, Consultants or Management Company Employees, the Corporation represents and warrants that such optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be.

6. Amendment and Discontinuance of Plan

The Board of Directors may from time to time amend or revise the terms of the Plan or may discontinue the Plan at any time, provided that no such action may in any manner adversely affect the rights under any options earlier granted to a Participant under the Plan without the consent of that Participant.

7. No Further Rights

Nothing contained in the Plan nor in any option granted hereunder shall give any Participant or any other person any interest or title in or to any Common Shares of the Corporation or any rights as a shareholder of the Corporation or any other legal or equitable right against the Corporation whatsoever other than as set forth in the Plan and pursuant to the exercise of any option, nor shall it confer upon the Participants any right to continue as an officer or employee of the Corporation or of its subsidiaries.

8. Compliance with Laws

The obligations of the Corporation to sell Common Shares and deliver share certificates under the Plan are subject to such compliance by the Corporation and the Participants as the Corporation deems necessary or advisable with all applicable corporate and Common Shares laws, rules and regulations.

**SCHEDULE “A-2”
CLASS “B” COMMON SHARE
STOCK OPTION PLAN**

WHITEMUD RESOURCES INC.

1. Purpose of Class B Plan

The purpose of the Whitemud Resources Inc. (the “**Corporation**”) Class “B” Common Share Stock Option Plan (the “**Class B Plan**”) is to assist the Corporation in attracting, retaining and motivating directors, officers, consultants and employees of the Corporation and its subsidiaries and to closely align the personal interests of such directors, officers, employees and consultants with those of the shareholders of the Corporation by providing them with the opportunity, through options, to acquire Class “B” Common Shares (“**Class B Shares**”) in the capital of the Corporation.

2. Administration

The Class B Plan shall be administered by the Board of Directors of the Corporation, which shall have full and final authority and discretion, subject to the express provisions of the Class B Plan, to interpret the Class B Plan, to prescribe, amend and rescind rules and regulations relating to it and to make all other determinations deemed necessary or advisable for the administration of the Class B Plan, provided that where the Class B Shares are listed or quoted on a stock exchange, including the TSX Venture Exchange (the “**TSXV**”), the Class B Plan shall be subject to the rules and policies of any such exchange or quotation system. The Board of Directors may delegate any or all of its authority and discretion with respect to the administration of the Class B Plan to a Corporate Governance and Compensation Committee of directors. When used hereafter in the Class B Plan, Board of Directors shall be deemed to include any Compensation Committee (or other committee with similar duties and responsibilities) acting on behalf of the Board of Directors.

3. Number of Shares Under Class B Plan

The maximum number of unissued Class B Shares that may be subject to options granted and outstanding under the Class B Plan at any time shall be 10% of the number of the issued and outstanding Class B Shares on an undiluted basis, including any Class B Shares issued as a result of the exercise of any Stock Options under the Class B Plan (“**Outstanding Class B Shares**”) from time to time, provided that:

- (i) in no event shall options be granted to an individual to purchase in excess of five percent of the then outstanding Class B Shares of the Corporation in any 12 month period;
- (ii) in no event shall (i) the number of Class B Shares reserved for issuance under stock options granted to Insiders (as defined in TSXV Policy 1.1); or (ii) options be granted to Insiders (as defined in TSXV Policy 4.4), in either case, that permit the purchase of in excess of ten percent of the then outstanding shares in any 12 month period;
- (iii) options representing no more than two percent of the issued Class B Shares of the Corporation may be granted to any one Consultant (as defined in TSX-V Policy 4.4) in any 12 month period;
- (iv) options representing no more than an aggregate of two percent of the issued Class B Shares of the Corporation may be granted to an Employee (as defined in TSXV Policy 4.4) conducting Investor Relations Activities (as defined in TSXV Policy 4.4), in any 12 month period; and
- (v) if option rights granted to an individual under the Class B Plan in respect of certain Optioned Shares expire or terminate for any reason without having been exercised, such Optioned Shares may be made available for other options to be granted under the Class B Plan.

4. Eligibility

Options may be granted under the Class B Plan to such directors, officers and Employees, Consultants or Management Company Employees (as defined in TSXV Policy 4.4) to the Corporation or its subsidiaries as the Board of Directors may from time to time designate as participants (the “**Participants**”) under the Class B Plan. Subject to the provisions of the Class B Plan, the total number of Optioned Shares to be made available under the Class B Plan and to each Participant, the time or times and price or prices at which options shall be granted, the time or times at which such options are exercisable and any conditions or restrictions on the exercise of options shall be in the full and final discretion of the Board of Directors.

5. Terms and Conditions

All options under the Class B Plan shall be granted upon and subject to the terms and conditions hereinafter set forth.

(a) Exercise Price

The exercise price to each Participant for each Optioned Share shall be as determined by the Board of Directors in its sole discretion, provided that if the Shares are listed on the TSXV such exercise price cannot be lower than the Discount Market Price (as defined in TSXV Policy 1.1) and further provided that disinterested Shareholder approval will be obtained for any reduction in the exercise price if the participant is an Insider (as defined in TSXV Policy 1.1) of the Corporation at the time of the proposed amendment;

(b) Option Agreement

All options granted under the Class B Plan shall be evidenced by means of an agreement (the “**Option Agreement**”) between the Corporation and each Participant in a form as may be approved by the Board of Directors, such approval to be conclusively evidenced by the execution of the Option Agreement by any director of the Corporation other than the Participant. The Corporation shall represent in each Option Agreement that the Participant is a bona fide director, officer, employee or consultant of the Corporation or its subsidiaries.

(c) Length of Grant

All options granted under the Class B Plan shall expire not later than the tenth anniversary of the date such options were granted and may be exercised by the Participant as to such varying percentages, on a cumulative basis, during the terms thereof as the Board of Directors shall determine.

(d) Non-Assignability of Options

An option granted under the Class B Plan shall not be transferable or assignable (whether absolutely or by way of mortgage, pledge or other charge) by a Participant other than to a Participant’s Registered Retirement Savings Plan or wholly-owned corporation or by will or other testamentary instrument or the laws of succession and may be exercisable during the lifetime of the Participant only by such Participant.

(e) Right to Postpone Exercise

Each Participant, upon becoming entitled to exercise an option in respect of any Optioned Shares in accordance with the Option Agreement, shall thereafter be entitled to exercise the option to purchase such Optioned Shares at any time prior to the expiration or other termination of the Option Agreement or the option rights granted thereunder in accordance with such agreement.

(f) Exercise and Payment

Any option granted under the Class B Plan may be exercised by a Participant or the legal representative of a Participant giving notice to the Corporation specifying the number of Class B Shares in respect of which such option is being exercised, accompanied by payment (by cash or certified cheque payable to the Corporation) of the entire exercise price (determined in accordance with the Option Agreement) for the number of Class B Shares specified in the notice. Upon any such exercise of an option by a Participant the Corporation shall promptly deliver to such Participant or the legal representative of such Participant, as the case may be, a share certificate in the name of such Participant or the legal representative of such Participant, as the case may be, representing the number of Class B Shares specified in the notice.

(g) Rights of Participants

The Participants shall have no rights whatsoever as shareholders in respect of any of the Optioned Shares (including, without limitation, any right to receive dividends or other distributions therefrom, voting rights, warrants or rights under any rights offering) other than in respect of Optioned Shares for which Participants have exercised their option to purchase and which have been issued by the Corporation.

(h) Third Party Offer

If at any time when an option granted under the Class B Plan remains unexercised with respect to any Optioned Shares, an offer to purchase all of the Class B Shares of the Corporation is made by a third party, the Corporation shall use its best efforts to bring such offer to the attention of the Participants as soon as practicable and the Corporation may, at its option, require the acceleration of the time for the exercise of the option rights granted under the Class B Plan and of the time for the fulfilment of any conditions or restrictions on such exercise.

(i) Alterations in Shares

In the event of a share dividend, share split, issuance of Class B Shares or instruments convertible into Class B Shares (other than pursuant to the Class B Plan) for less than market value, share consolidation, share reclassification, exchange of Class B Shares, recapitalization, amalgamation, merger, consolidation, corporate Continuance, reorganization, liquidation or the like of or by the Corporation, the Board of Directors may make such adjustment, if any, of the number of Optioned Shares, or of the exercise price, or both, as it shall deem appropriate to give proper effect to such event, including to prevent, to the extent possible, substantial dilution or enlargement of rights granted to Participants under the Class B Plan. In any such event, the maximum number of Class B Shares available under the Class B Plan may be appropriately adjusted by the Board of Directors. If because of a proposed merger, amalgamation or other corporate Continuance or reorganization, the exchange or replacement of Class B Shares in the Corporation for those in another corporation is imminent, the Board of Directors may, in a fair and equitable manner, determine the manner in which all unexercised option rights granted under the Class B Plan shall be treated including, for example, requiring the acceleration of the time for the exercise of such rights by the Participants and of the time for the fulfilment of any conditions or restrictions on such exercise. All determinations of the Board of Directors under this paragraph (i) shall be full and final.

(j) Change of Control

In the event of the sale by the Corporation of all or substantially all of the property and assets of the Corporation as an entirety prior to the expiry time of Options, such Options may be exercised, as to all or any of the Class B Shares in respect of which such Options have not previously been exercised (including in respect of the right to purchase Class B Shares not otherwise vested at such

time), by a Participant at any time up to and including, but not after, thirty (30) days following the date of the completion of such sale or prior to the expiry time of such Options, whichever is earlier.

In the event the Corporation's common shareholders receive a "take-over bid" as defined in the Securities Act (Alberta), as amended, or any successor legislation thereto, pursuant to which the offeror as a result of such take-over bid, if successful, would beneficially own in excess of 30% of the outstanding Class B Shares of the Corporation, Options may be exercised, as to all or any of the Class B Shares in respect of which such Options have not previously been exercised (including in respect of Class B Shares not otherwise vested at such time), by a Participant at any time prior to the thirtieth (30th) day following the date of the take-over bid offer.

(k) Termination

If a Participant is dismissed as an officer or employee of, or consultant to, the Corporation or one of its subsidiaries for cause, all unexercised option rights of that Participant under the Class B Plan shall immediately become terminated and shall lapse notwithstanding the original term of the option granted to such Participant under the Class B Plan.

(l) Retirement or Resignation

If a Participant ceases to be a director, officer, Management Company Employee, employee of, or consultant to, the Corporation or of one of its subsidiaries as a result of:

- (i) retirement at the normal retirement age prescribed by the Corporation pension plan, if any; or
- (ii) resignation;

such Participant shall have the right for a period of 30 days (or until the normal expiry date of the option rights of such Participant if earlier) from the date of ceasing to be a director, officer, employee or consultant to exercise the option under the Class B Plan with respect to all Optioned Shares of such Participant to the extent they were exercisable on the date of ceasing to be a director, officer, employee or consultant. Upon the expiration of such 30 day period all unexercised option rights of that Participant shall immediately become terminated and shall lapse notwithstanding the original term of the option granted to such Participant under the Class B Plan.

(m) Disabled Participant

If a Participant ceases to be an officer or employee of, or consultant to, the Corporation or of one of its subsidiaries as a result of disability or illness preventing the Participant from performing the duties routinely performed by such Participant, such Participant shall have the right for a period of 90 days (or until the normal expiry date of the option rights of such Participant if earlier) from the date of ceasing to be an officer or employee to exercise the option under the Class B Plan with respect to all Optioned Shares of such Participant to the extent they were exercisable on the date of ceasing to be an officer or employee. Upon the expiration of such 90 day period all unexercised option rights of that Participant shall immediately become terminated and shall lapse notwithstanding the original term of the option granted to such Participant under the Class B Plan.

(n) Investor Relations Participant

In the event that an employee who is engaged in Investor Relations Activities ceases to be employed by the Corporation or its subsidiaries such employee shall have the right for a period of 30 days (or until the normal expiry date of the option rights of such Participant if earlier) from the date of ceasing to be an employee to exercise the option under the Class B Plan with respect to all Optioned Shares of such Participant to the extent they were exercisable on the date of ceasing to

be an employee. Upon the expiration of such 30 day period all unexercised option rights of that Participant shall immediately become terminated and shall lapse notwithstanding the original term of the option granted to such Participant under the Class B Plan.

(o) Deceased Participant

In the event of the death of any Participant, the legal representatives of the deceased Participant shall have the right for a period of 180 days (or until the normal expiry date of the option rights of such Participant if earlier) from the date of death of the deceased Participant to exercise the deceased Participant's option with respect to all of the Optioned Shares of the deceased Participant to the extent they were exercisable on the date of death. Upon the expiration of such period all unexercised option rights of the deceased Participant shall immediately become terminated and shall lapse notwithstanding the original term of the option granted to the deceased Participant under the Class B Plan.

(p) Representation

For any options granted to Employees, Consultants or Management Company Employees, the Corporation represents and warrants that such optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be.

6. Amendment and Discontinuance of Class B Plan

The Board of Directors may from time to time amend or revise the terms of the Class B Plan or may discontinue the Class B Plan at any time, provided that no such action may in any manner adversely affect the rights under any options earlier granted to a Participant under the Class B Plan without the consent of that Participant.

7. No Further Rights

Nothing contained in the Class B Plan nor in any option granted hereunder shall give any Participant or any other person any interest or title in or to any Class B Shares of the Corporation or any rights as a shareholder of the Corporation or any other legal or equitable right against the Corporation whatsoever other than as set forth in the Class B Plan and pursuant to the exercise of any option, nor shall it confer upon the Participants any right to continue as an officer or employee of the Corporation or of its subsidiaries.

8. Compliance with Laws

The obligations of the Corporation to sell Class B Shares and deliver share certificates under the Class B Plan are subject to such compliance by the Corporation and the Participants as the Corporation deems necessary or advisable with all applicable corporate and Class B Shares laws, rules and regulations.

**SCHEDULE “B”
AUDIT COMMITTEE CHARTER**

WHITEMUD RESOURCES INC.

The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Whitemud Resources Inc. (“Corporation”) shall have the oversight responsibility, authority and specific duties as described below.

Composition, Independence and Compensation

The Committee shall be comprised of three or more directors as determined by the Board. The members shall be independent as determined by applicable regulatory requirements.

All members of the Committee shall have a working familiarity with basic finance and accounting practices, and shall have the ability to read and understand the financial statements of the Corporation and the accounting issues raised therein and at least one member of the Committee shall have accounting or related financial management expertise.

Members of the Committee shall be appointed by the Board and shall serve until their successors are duly appointed. The Chair of the Committee may be designated by the members of the Committee.

Responsibility

The Committee’s primary purpose is to assist the Board in fulfilling its oversight responsibilities with respect to (i) the integrity of the annual and quarterly financial statements to be provided to shareholders and regulatory bodies; (ii) the Corporation’s compliance with accounting and finance based legal and regulatory requirements; (iii) the independent auditor’s qualifications and independence; (iv) the system of internal accounting and financial reporting controls that management has established; and, (v) performance of the external audit process and the independent auditor. The Committee shall also prepare such reports as are required to be prepared by it by applicable securities law. In addition, the Committee provides an avenue for communication between each of the internal audit, the independent auditors, financial and senior management and the Board. The Committee shall have a clear understanding with the independent auditors that they must maintain an open and transparent relationship with the Committee, and that the ultimate accountability of the independent auditors is to the Committee, as representatives of the shareholders. The Committee shall make regular reports to the Board concerning its activities. The Committee, in its capacity as a committee of the Board, subject to shareholder approval requirements, is directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors.

The Committee shall make regular reports to the Board concerning its activities.

Meetings

The Committee shall meet at least four times annually and as many additional times as the Committee deems necessary to carry out its duties effectively. The Committee shall meet in separate sessions with management, the senior internal audit executive of the Corporation and the independent auditors at each regularly scheduled meeting.

Specific Duties

To carry out its oversight responsibilities, the Committee shall:

Audit Specific Duties

Auditor Qualifications and Selection

1. Subject to applicable law requiring shareholder approval of auditors, be solely responsible for selecting, retaining, compensating, overseeing and, where necessary, terminating the independent auditors, who shall

be registered with the Canadian Public Accountability Board. The independent auditor shall be required to report directly to the Committee. The Committee shall be entitled to adequate funding from the Corporation for the purpose of compensating the independent auditor for completing an audit and audit report.

2. Evaluate the independent auditor's qualifications, performance and independence. As part of that evaluation, at least annually obtain and review a report by the independent auditor describing: the firm's (auditor's) internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the Corporation; and ensure that the independent auditors do not provide non-audit services that would disqualify them as independent under applicable regulations.
3. Review the experience and qualifications of the senior members of the independent auditor team and the quality control procedures of the independent auditor; ensure that the lead audit partner of the independent auditor is replaced periodically, in accordance with regulatory requirements applicable to the Corporation; recommend to the Board guidelines for the Corporation's hiring of senior employees and former employees of the independent auditor who were engaged on the Corporation's account.

Audit Process

1. Pre-approve all auditing services; subject to applicable securities laws, pre-approve the retention of the independent auditor for any significant non-audit services permitted under applicable securities law and the fee for such services. All pre-approvals of such non-audit services shall be disclosed as required by applicable securities law. The Committee may delegate to one or more of its members the authority to grant pre-approvals required hereunder provided that any pre-approvals so granted are presented in writing to the Committee at the next regularly scheduled meeting.
2. Meet with the independent auditor prior to the audit to review the scope and general extent of the independent auditor's annual audit including the planning and staffing of the audit. This review should include an explanation from the independent auditors of the factors considered by the auditors in determining their audit scope, including the major risk factors.
3. Require the independent auditor to provide a timely report setting forth (i) all critical accounting policies, significant accounting judgments and practices to be used; (ii) all alternative treatments of financial information within Generally Accepted Accounting Principles ("GAAP") that have been discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditor; and, (iii) other material written communications between the independent auditor and management.
4. Upon completion of the annual audit, review the following with management and the independent auditors:
 - (a) The annual financial statements including related footnotes and the MD&A to be included in the Corporation's annual report to shareholders or included in the Corporation's Annual Information Form.
 - (b) The significant accounting judgements and reporting principles, practices and procedures applied by the Corporation in preparing its financial statements including any newly adopted accounting policies and the reasons for their adoption.
 - (c) The results of the audit of the financial statements and the related audit report thereon. The independent auditors should confirm to the Committee that no limitations were placed on the scope or nature of their audit procedures.

- (d) Significant changes to the audit plan, if any, and any serious disputes or difficulties with management encountered during the audit, including any problems or disagreements with management which, if not satisfactorily resolved, would have caused the independent auditors to issue a non-standard report on the Corporation's financial statements.
 - (e) The co-operation received by the independent auditors during their audit, including access to all requested records, data and information.
 - (f) Any other matters not described above that are required to be communicated by the independent auditors to the Committee pursuant to Auditing Standards.
5. Generally, as part of the review of the annual financial statements, receive an oral report(s), at least annually, concerning legal and regulatory matters that may have a material impact on the financial statements. Discuss major financial risk exposures and steps management has taken to monitor and control such exposures.

Ongoing Duties

1. Review and reassess the adequacy of this Mandate periodically and recommend any proposed changes to the Board for approval.
2. Report regularly to the Board and review with the Board any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the Corporation's independent auditor, or the performance of the internal audit function.
3. Discuss the types of information that it is appropriate for the Corporation to disclose in earnings press releases or other earnings guidance. Review with management and the Corporation's independent auditors all quarterly financial statements and MD&A prior to the filing of such reports with the applicable securities regulators and prior to any public announcement of financial results for the periods covered, including the results of the independent auditor's reviews of the quarterly financial statements, significant adjustments, new accounting policies, and any disagreements between the independent auditors and management. The Chair of the Committee may represent the entire Committee for purposes of this review.
4. The Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties.
5. Perform any other activities consistent with this Mandate, the Corporation's By-Laws and applicable law, as the Committee or the Board deems necessary or appropriate.

Internal Control Supervision Duties

1. Review with the Corporation's management and the independent auditors the Corporation's internal accounting and financial reporting controls, any significant deficiencies in them and any proposed major changes to them.
2. Review with management, the Chief Financial Officer and the independent auditors the methods used to establish and monitor the Corporation's policies with respect to unethical or illegal activities by Corporation employees that may have a material impact on the financial statements.
3. Meet with management and the independent auditors to discuss any relevant significant recommendations that the independent auditors may have, particularly those characterized as "material" or "serious".
4. Review the appointment of the senior accounting executive.

5. Review with management any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Corporation's financial statements or accounting policies.
6. Review with management and the independent auditor any off-balance sheet financing mechanisms, transactions or obligations of the Corporation.
7. Review with management and the independent auditor any related party transactions.
8. Establish, implement and, as necessary, revise the procedures for (i) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, financial reporting controls, or auditing matters; and, (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
9. Review with the independent auditors the quality of the Corporation's accounting personnel; review with management the responsiveness of the independent auditors to the Corporation's needs.

Regulatory Compliance Duties

1. Prepare the necessary disclosure regarding the Committee and its duties and action as is required under applicable regulatory policy.
2. Prepare such reports as are required to be prepared by the Committee pursuant to applicable securities law.

Approved: April 3, 2007

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