

## WHITEMUD ANNOUNCES DEBT FORGIVENESS AND PROVIDES OPERATIONAL UPDATE SAM HOLDINGS LTD. ANNOUNCES EARLY WARNING REPORT

Calgary, December 16, 2020 - Whitemud Resources Inc. (“Whitemud” and the “Company”) (TSX-V: WMK) is pleased to announce that it has entered into a set-off agreement with Petrogas Energy Corp. (“Petrogas”) whereby the parties agreed to set-off all amounts owing to Whitemud by Petrogas, comprised of accounts receivable of approximately \$3.8 million, against the amounts owing by Whitemud to Petrogas and its affiliates pursuant to accounts payable and under its outstanding loan agreement, with an aggregate outstanding balance of approximately \$23.7 million. Petrogas further agreed to forgive the remaining outstanding amount under the loan, approximately \$19.9 million, such that all amounts owing between the parties have been fully satisfied and paid.

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

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

The forgiveness of the loan is a related party transaction under MI 61-101 - *Protection of Minority Security Holders in Special Transactions* which is excluded from the valuation requirement pursuant to section 5.4(1) and exempt from the minority approval requirement under section 5.7(f). The material change report in respect of the foregoing could not be filed in advance as there was previously not an agreement between the parties.

### Early Warning Disclosure

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

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

## **About Whitemud Resources Inc.**

Whitemud is a Canadian-based corporation engaged in the business of commodity marketing and logistics through Midstream Energy Partners, a division of Whitemud Resources Inc. formed in 2015.

Whitemud also holds mineral rights to exploit a large kaolin deposit in southern Saskatchewan, together with a processing facility located on the property. Whitemud's product, Whitemud (MK) is a cement-grade metakaolin that enhances the performance of cement for oil and gas wells and construction applications. The Company uses a process that minimizes environmental impact.

### **For further information, please contact:**

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### **Reader Advisory**

This news release contains forward-looking statements, within the meaning of applicable securities legislation, concerning Whitemud's business and affairs. In certain cases, forward-looking statements can be identified by the use of words such as "attempts", "intends", "continues" or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Although Whitemud believes these statements to be reasonable, no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this news release should not be unduly relied upon. Such statements include Whitemud's ability to maintain its existing operations and preserve its existing business under the terms of the non-competition agreement with Petrogas. Actual results could differ materially from those anticipated in these forward-looking statements as a result of prevailing economic conditions, and other factors, many of which are beyond the control of Whitemud. The forward-looking statements contained in this news release represent Whitemud's expectations as of the date hereof and are subject to change after such date. Whitemud disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as may be required by applicable securities regulations.

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

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