

WHITEMUD RESOURCES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023

The following Annual Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Whitemud Resources Inc. ("Whitemud" or the "Company") has been prepared by management of Whitemud and should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2023 (the "Financial Statements"). The Company has prepared this MD&A in accordance with the provisions of Item 1 of Part 2 of Form 51-102F1 – *Management's Discussion and Analysis*.

The Financial Statements and accompanying notes of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and require management to make estimates and assumptions that affect amounts reported and disclosed in the Financial Statements and related notes.

The Board of Directors, on recommendation of the Audit Committee, approved the contents of this MD&A on April 24, 2024. Disclosure contained in this document is current to this date, unless otherwise stated. Some of the statements made herein contain "forward-looking information". Please see "*Cautionary Notes Regarding Forward-Looking Statements*". Additional information on Whitemud is available on the Company's profile through the System for Electronic Document Analysis and Retrieval ("SEDAR+") at www.sedarplus.ca.

GENERAL BUSINESS DESCRIPTION

The Company developed kaolin resources in the Wood Mountain area of southern Saskatchewan for the production and marketing of metakaolin. Metakaolin is a high performance supplementary cementing material used as a performance enhancing additive to concrete. Metakaolin can replace up to 10% of the cement used to make concrete while enhancing performance and reducing cost.

The Company's metakaolin resource is not currently commercially viable.

Midstream Energy Partners division of Whitemud was formed with the intention of diversifying the Company's revenue streams through the marketing of liquefied petroleum gas ("LPG") commodities in addition to its kaolin and metakaolin products. Commodity marketing contracts are subject to a bidding process with contracts usually entered into for terms of one year. The Midstream Energy Partners division is not anticipated to be a material segment of the Company's business, or expected to impact revenues, for the foreseeable future, as the focus has been on restarting the mining and processing operations.

COMPANY OUTLOOK AND GOING CONCERN

The Financial Statements were prepared by management in accordance with IFRS applicable to a going concern entity, which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The uncertainty in the use of the going concern assumption is impacted by the factors described below. The Financial Statements do not reflect any adjustments relating to the recoverability and classification of recorded assets or liabilities that may be necessary should the Company be unable to continue as a going concern.

For the fiscal year ended December 31, 2023, the Company generated a net loss of \$1,459,279 and an operating cash flow deficit of \$887,660. In order for the Company to continue operations for the longer term, including generating sufficient cash flows and ultimately attaining profitable operations, additional financing will be required.

On December 23, 2022 the Company announced that Kasten Energy Inc. ("Kasten") has called for repayment, by December 30, 2022, of a loan in the amount of \$1,139,561. On January 11, 2023 Kasten commenced an action against Whitemud in the Court of King's Bench of Alberta, seeking judgment in the amount of \$1,139,561, and damages in the amount of \$113,000. On January 27, 2023 the Company filed a Statement of Defence which among other things pleads the Limitations Act, RSA 2000, c.L-12 (the "Act"), and says that it is immune from liability, with respect to the Plaintiff's claim due to expiry of the limitation period. No amount of interest on the loan has been claimed by Kasten or is in dispute. No further steps have been taken in the litigation.

For the year ended December 31, 2023, the Company had a net loss of \$1,459,279 (2022 – \$36,352 net loss) and negative operating cashflow of \$887,660 (2022 – \$525,441 negative operating cashflow) with a resulting accumulated deficit of \$85,373,461.

To achieve profitability from future metakaolin operations management believes that the Company must continue to gain market acceptance for the Company's products and to increase sales and revenues. This will require significant capital expenditures.

The Company has sold down its inventory and is currently in the process of evaluating its ability to develop methods to produce metakaolin more cost effectively. A small-scale prototype calciner has been built for this evaluation. Testing of this small-scale prototype commenced during Q2 2023, and is currently completed. Whitemud and its marketing team are diligently working to secure offtake agreements to meet minimum volume hurdles to support a capital program for facility upgrades at the Wood Mountain plant and a potential restart of plant operations in Q2 2024. The upgrades and restart will be required for Whitemud to provide the necessary supply commitments to potential customers. In addition to achieving the minimum volume hurdle, Whitemud will need to obtain the necessary financing for a capital program in order to scale up to a commercially sized calciner.

During Q2 2023, the Company performed an operations and plant upgrade review. The analysis reviewed potential upgrades and process improvements that would need to be undertaken in order to improve the potential efficiency of its processing operations and increase the yield recovery of kaolin from the ore processed. During Q2 2023, an updated marketing review was conducted. Current markets, competitive market pricing, potential new opportunities and forecasted sales under various scenarios were reviewed. Whitemud continues to be encouraged that its cost efficiently produced metakaolin, meeting Canadian Standards Association/American Society for Testing and Materials standards for SCM's (Supplementary Cementitious Material), will be able to penetrate cement industry markets and positively lower the CO2 footprint for the cement industry. The Company has finalized a capital and operating budget.

During Q3 2023, the evaluation continued with the small-scale prototype calciner capable of producing 1-1.5 tons per day of metakaolin. The prototype calciner has demonstrated kaolin yields of up to 19%, based on a raw ore input. During the previous production run, the previous process resulted in a yield recovery of approximately 9%. The continued encouraging results provided the catalyst to commence engineering of a full scale calciner, identify the equipment procurement necessary to support a process reconfiguration at the Wood Mountain facility and to make initial deposits to put a hold on deliveries of long lead items.

During Q4 2023, the Board of Directors approved a \$7 million capital program to reconfigure its kaolin calcination process at its Wood Mountain facility. In support of this capital program, long lead items necessary to improve the efficiency and productivity of the Wood Mountain processing plant were firmly committed to be purchased with delivery in Q4 2023 and Q1 to Q2 2024. Initial procurement items have arrived at Wood Mountain, and upgrades and improvements are currently under way. The upgraded calcining process aims to make Whitemud's metakaolin much more competitive in the marketplace as a cement additive as well as significantly reducing carbon emissions.

The capital program is split up into two categories, \$6 million in plant process improvements, and \$1 million in repairs to the existing plant and infrastructure. The entire capital budget is allocated to the improvement of the process facilities.

The plant process improvements are broken down into the following material items:

- Pollution control equipment \$1.6 million;
- Processing equipment \$1.4 million;
- Process interconnection, utilities, and other \$0.7 million;
- Engineering, procurement and management services \$1.7 million; and,
- Other \$0.6 million.

The repairs are broken down into the following material items:

- Laboratory equipment \$0.3 million;
- Utilities, Electrical, Automation and Other \$0.36 million;
- Engineering, Procurement and Management Services \$0.1 million; and,
- Other \$0.24 million.

The capital program does not include the completion of a technical report. The cost of the report is estimated at \$210,000. The technical report is anticipated to be completed in June 2024. All other material costs of the project to restart mining operations are included in the capital budget.

As of December 31, 2023, the expenditures made to date are approximately \$1,040,000, broken down into the following categories.

- Assets under construction \$795,000;
- Prepayments and deposits on equipment \$245,000;

During Q4 2023, the Board of Directors authorized the Company to enter into an interim line of credit agreement with its major shareholder SAM Holdings Ltd., which will be utilized to fund the capital program. The Company can draw up to \$7 million on the interim line of credit, which will bear interest at 5.0% per annum. The principal and interest will be payable on the closing of a financing, currently anticipated to close in Q3 2024. In the absence of such financing, the interest will be payable annually on December 31 in arrears, with the first payment commencing December 31, 2024. The availability, nature and terms of such financing are currently uncertain.

As of April 24, 2024, the Company has drawn \$4,000,000 on the interim line of credit agreement, by way of a promissory notes. The promissory note bears interest at 5.0% per annum. The principal and interest is payable on the maturity date, April 1, 2026.

During Q4 2023, the Board of Directors authorized the Company to pursue financing, currently anticipated to close in Q3 2024. The anticipated financing will consist of a \$10 million, non-convertible debenture, with a maturity date of 5 years after the date of issuance. The debenture will have an 8.5% coupon rate, payable at the end of each quarter. It is expected that the debenture will have 10 million warrants attached. These warrants are anticipated to be priced in line with TSX Venture Exchange policies on warrants in connection with loans. The financing is still subject to regulatory approval.

This capital program and interim financing are being undertaken to restart mining and processing operations.

During Q1 2024, the following milestones have been achieved in respect of the upgrades and improvements:

- All major equipment has been received on site;
- Demolition of existing structures has been completed;
- High temperature refractory system has been installed, and existing ductwork refurbished;
- Dust collector system, including foundations and new ductwork has been installed;
- Product cooler structure fabrication; and,
- New lab equipment has been installed;
- Computer hardware for plant control system has been installed.

As of April 24, 2024, the following upgrades and improvements are ongoing:

- Lightweight ductwork, small diameter piping, and installation of balance of equipment;
- Gas tie-ins, electrical and instrumentation installation; and,
- Final Ministry of Environment Permit;

The pre-commissioning phase of the project will begin in late May 2024. Startup of the processing operations is anticipated to commence in early June 2024.

As of April 24, 2024, commitments, and expenditures in excess of \$4,500,000 have been made to improve the plant facilities. The facility is expected to be operational in Q2, 2024. The capital program is still within the original budget.

The processing activities are expected to commence in Q2 2024, using stockpiled raw ore that was previously mined. These activities include: ore storage and conveying systems, ore crushing and drying, clay separation, calcination, and shipping of metakaolin.

The Company has stockpiled ore in two areas adjacent to the processing facility. West of the processing plant, adjacent to the primary crushing facility is a stockpile of unprocessed ore. East of the plant is a larger stockpile containing previously processed ore. As of this date, the Company has not commissioned an independent engineering company to assess the recoverable amounts of kaolin from these stockpiles.

Mining operations are expected to resume no sooner than Q3 2024, depending on market demand. The Company does not anticipate any capital costs to resume mining operations. The costs will be operating in nature and all equipment necessary to move ore from the quarry will be rented, leased or subcontracted. These costs have been included in the operating expenses for the next 12 months months, in the Liquidity section below.

The steps necessary to recommence mining include the following:

- The Gollier Creek Plant Industrial Source Air Quality Environmental Protection Plan was fully accepted by the Saskatchewan Ministry of the Environment on June 21, 2022 under Acceptance of Notification # 10053673.
- The site's Fire Prevention and Emergency Response Plan was approved by the Saskatchewan Ministry of the Environment on November 22, 2023.

- Whitemud's Decommissioning and Reclamation Plan was submitted on March 15, 2023 under submission 10059060. The plan was reviewed and commented on by the Ministry of the Environment. The Decommissioning and Reclamation Plan and review of financial assurance are due for resubmission prior to February 16, 2026.
- Financial assurance to cover Decommissioning and Reclamation costs was provided to the Province of Saskatchewan on February 16, 2021.
- A mine plan will be submitted in Q2 2024 to enable resuming operations during Q3 2024.
- A limited amount of work within the mine is necessary to regrade mine access roads and dewater the existing working areas of the quarry.
- Equipment necessary to operate the mine will be rented in advance of restarting mine operations.
- Staff necessary to operate the mine will either be contracted or hired in advance of restarting mine operations.

Metakaolin sales were \$37,113 for the year ended December 31, 2023, compared to \$649,950 for the year ended December 31, 2022. The lower sales are the result of a lack of finished product inventory unless or until the plant is placed back into service.

As a result of the going concern circumstances described above and in Note 1 of the annual audited financial statements, the metakaolin buildings and equipment assets are being carried at \$Nil as a result of depreciation and impairment charges. The Company estimated internally generated future cash flows discounted to their present value using a risk adjusted interest rate of 14.20%. The cash flows did not support the carrying amount of the assets. In determining fair value, the Company considered current costs, the long-term view of the uses for its products and recent sales volumes. The Company continues to carry its land at its original cost.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to a revised estimate of its recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

The LPG marketing business is dependent upon commodity price, access to and cost of transportation, risks associated with product supply, risks of customer demand, weather related demand conditions and the ability of customers to pay for LPG's delivered to them. There is no assurance that contracts may be obtained, extended or re-negotiated under commercially acceptable terms. See "Risks and Uncertainties".

The Midstream Energy Partners division source LPG marketing contracts when supply and demand arbitrage opportunities are identified. These contracts are undertaken on a periodic basis, and will generally include contracts for propane and normal butane.

The revenue generated from these contracts will be the margin between the purchase and the selling price, less any commissions. The Company will generally incur an administrative fee equal to 15% of the net profits realized, and an allocation of the marketer's salary that is reflective of time spent executing the transaction. Where the contract realizes a net loss, no administrative fee will be payable in relation to the transaction. These contracts have historically been executed by a related party, detailed in the section "Transactions between Related Parties" below.

The Midstream Energy Partners division is not anticipated to be a material segment of the Company's business, or expected to impact revenues, for the foreseeable future, as the focus has been on restarting the mining and processing operations.

In summary and without limiting the foregoing, the ability of the Company to continue as a going concern and realize the carrying value of its assets and discharge its liabilities when due, is dependent on the Company's ability to generate improved market acceptance for the Company's metakaolin resource, increase sales, develop methods to produce metakaolin more cost effectively, and secure financing in order to recommence metakaolin production and sales. There is no certainty that these or any other strategies that may be identified by management will be sufficient to permit the Company to continue beyond the immediate future as such strategies are contingent upon improved industry conditions and market acceptance for the Company's products. For additional risks and uncertainties relating to the Company see "Risks and Uncertainties".

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

During the third quarter of 2021, Whitemud commenced a review of its assets and efficiency upgrades in order to bring the Wood Mountain plant back into production with a lower carbon footprint.

Within the last few years, greater attention has been the focus for all industries to operate with a lower carbon footprint and to reduce CO2 and greenhouse gas emissions. With the heightened awareness for corporate Environmental, Social and Corporate Governance (ESG), management believes Whitemud's metakaolin could have a significant role to play in helping to reduce the carbon footprint for the cement industry.

RESULTS OF OPERATIONS

For the year ended December 31, 2023, the Company generated a net loss of \$1,459,279 (\$0.0040 per share loss) compared to a net loss of \$36,352 (\$0.0001 per share loss) for the year ended December 31, 2022.

Note 16 of the annual audited financial statements and the management prepared quarterly financial statements provides a breakdown of operations by division.

The Company's operations for the eight most recently completed quarters are summarized below:

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Revenue	9,572	1,530	11,490	14,521	78,743	78,907	33,475	458,823
Income/(Loss) from Continuing Operations	(372,901)	(356,756)	(412,377)	(308,245)	389,832	(224,586)	(295,365)	93,767
Income/(Loss) per share, basic and diluted	(0.0010)	(0.0010)	(0.0011)	(0.0009)	0.0011	(0.0006)	(0.0008)	0.0002

Revenue from the sale of metakaolin has gradually decreased over the preceding eight quarters due to the lack of finished product. The Company has also retained some finished product in order to have samples and testers for potential new clients, while restarting plant operations. There was no revenue from the marketing of LPG contracts in the Midstream Energy Partners division during 2023, which also contributed to the overall decline in revenue.

The losses from continuing operations have gradually increased over the preceding eight quarters. This is largely being driven by the lack of revenue and the increase in general and administration expenses. General and administration expenses have increased due to higher professional fees and consulting fees, related to the testing and evaluation of a potential restart of plant operations.

Metakaolin Division

Revenue

Revenue from the sale of metakaolin was \$37,113 for the year ended December 31, 2023, compared to \$249,951 for 2022. The sales revenue decrease is the result of a lack of finished product available for sale.

The volume of metakaolin sold was 126 tons for the year ended December 31, 2023 (2022 – 936 tons), with an average price of \$363/ton (2022 – \$272/ton). The volume decrease is the result of a lack of finished product available for sale. The average price increased due to the sale of smaller test batches to customers at a higher price.

The net loss for the year ended December 31, 2023 for the metakaolin division was \$1,459,279 compared to a net loss of \$867,939 for 2022. The net loss was higher in the latest quarter due the decrease in sales revenue, and an increase in general and administration expenses.

At December 31, 2023, there were 14 tons (2022 – 100) of finished metakaolin in bulk inventory available for sale. Management is developing a plan to produce more inventory available for sale, the results of which are not known at this time.

Operating Expenses

Company operating expenses for the year ended December 31, 2023 were \$853,587 (2022 – \$1,069,845). The decrease was due to lower metakaolin cost of sales.

Operating expenses can be broken down into the following categories:

Operating Expenses	December 31, 2023	December 31, 2022
Professional fees	214,246	191,642
Salaries and wages	186,223	234,797
Indirect plant costs	174,531	182,620
Property taxes	147,521	152,377
Insurance	99,810	93,954
Direct plant costs	25,070	214,455
Research and development	6,186	-
Total Operating Expenses	\$ 853,587	\$ 1,069,845

General and administration expenses for the year ended December 31, 2023, were \$564,908 (2022 - \$416,486). The increase was due to higher professional and consulting fees related to the testing and evaluation of a potential restart of plant operations.

General and administration expenses can be broken down into the following categories:

General and Administration	December 31, 2023	December 31, 2022
Professional fees	483,404	352,816
Filing fees	32,249	32,565
Travel	25,402	7,918
Office and communications	15,879	20,039
Bank fees	4,538	2,046
Other	3,436	1,102
Total General and Administration	\$ 564,908	\$ 416,486

Accretion charges for the year ended December 31, 2023, were \$80,281 (2022 – \$14,133). Depreciation expense for the year ended December 31, 2023, was \$21,489 (2022 – \$5,713). Depreciation expense was higher than 2022 as a result of capital investments made during the first quarter of 2023.

The Company has been incurring development expenses in relation to its prototype calcination process. As of December 31, 2023, the development expenses incurred were \$228,293, which were broken down into the following categories: engineering \$195,000; testing, consumables and travel \$27,107; prototype materials and other \$6,186. The engineering expenses are included in Professional Fees in the operating expenses breakout above, as these are paid to various consultants for the project. Travel expenses are included in travel in the general and administration expenses breakout above. Testing and consumables are included in the indirect plant costs in the operating expenses breakout above. Prototype materials and Other are included in research and development in the operating expenses breakout above.

Asset Retirement Obligations

At December 31, 2023 the asset retirement obligations of the Company were updated and reassessed to reflect current market conditions, inflation and interest rates and managements assessment of the number of years until retirement of the plant. This resulted in an increase to the asset retirement obligation of \$18,925 as detailed in Note 10 of the annual audited financial statements.

At December 31, 2022 the asset retirement obligations of the Company were updated and reassessed to reflect current market conditions, inflation and interest rates and managements assessment of the number of years until retirement of the plant. This resulted in a decrease to the asset retirement obligation of \$321,074 as detailed in Note 10 of the annual audited financial statements.

Midstream Energy Partners Division

For the year ended December 31, 2023, Midstream Energy Partners division recorded no revenue compared to gross revenue in the amount of \$871,586 in 2022. No expenses were incurred in 2023 compared to general and administration expenses of \$40,000 in 2022. Net (loss) was \$Nil for the year ended December 31, 2023 (2022 – \$831,586).

There have been no exploration expenditures, research and development expenses or other material costs that would need to be disclosed that have not been reflected in the audited financial statements or this document.

LIQUIDITY

The Financial Statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards, which assumes Whitemud will realize its assets and discharge its liabilities and commitments in the normal course of business. The application of the going concern concept is dependent upon the ability of the Company to market its metakaolin products and its midstream LPG business. Pursuant to a set-off and loan forgiveness agreement Petrogas Energy Corp. has agreed to forgive its notes payable. As described above however, Kasten has not forgiven its loan to the Company but instead has demanded its payment. The Company takes the position that it is immune from Kasten’s claim under the Act.

Operations have been funded through loan facilities provided by SAM Holdings Ltd. as described below under “Capital Resources – Current Loan Facilities”. The Company does not have the ability to fund development or operating costs from operations and requires the ongoing support of SAM Holdings Ltd.

Operating expenses for the next 12 months, are estimated to be \$3,574,000. They can be broken down into the following categories:

- Mining and reclamation costs: \$588,000
- Operational staff: \$414,000
- Fuel: \$605,000
- Electricity: \$330,000
- Maintenance: \$366,000
- Carbon tax: \$271,000
- Overhead: \$1,000,000

Operating expenses will be funded by way of the line of credit agreement with SAM Holdings Ltd., the anticipated financing, and the anticipated generation of revenues from operations.

CAPITAL RESOURCES

Current Loan Facilities

On December 15, 2020 the Company entered into a set-off agreement with Petrogas Energy Corp. (“Petrogas”) whereby the parties agreed to set-off amounts owing such that all amounts owing between the parties were satisfied in full.

It was a condition of the set-off and loan forgiveness that Whitemud enter into a non-competition agreement in favor 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 (the commodity marketing division), to maintain its ongoing operations and preserve LPG business opportunities consistent with its historical volumes.

The Company has a loan of \$1,139,561 from Kasten which the Company believes is statute barred under the Act and which is in litigation as described above.

Capital Expenditures

There were \$881,120 in expenditures capitalized for the year ended December 31, 2023 (2022 - \$Nil). The capitalized expenditures relate to the upgrades and improvements to the Company’s calcination process.

Included in the capitalized expenditures are \$795,163 of assets under construction. As of December 31, 2023 these assets under construction were not available for use. Therefore, they were not subject to depreciation.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements at the time of this management discussion and analysis.

FINANCIAL AND OTHER INSTRUMENTS

The Company’s cash and cash equivalents and restricted cash are measured at fair value through profit or loss. The Company does not have a hedge or other risk control strategy in place.

OUTSTANDING COMMON SHARES

The Company is authorized to issue an unlimited number of Class A voting and an unlimited number of Class B non-voting common shares. The Company has issued 34,026,300 Class A common shares and 326,499,700 Class B non-voting common shares as at June 30, 2023.

TRANSACTIONS BETWEEN RELATED PARTIES

As and if required related parties, provide marketing, logistical and administrative services to the Company for a fee equal to 15% of the net profits that Whitemud realized through performance by the related parties. These related parties include, El Toro Corp., Midstream LPG Partnership and Midstream Energy Partners (Canada) Ltd. All the aforementioned parties are related through common ownership and control by SAM Holdings Ltd. Stan Owerko, the CEO of the Company, also controls SAM Holdings Ltd. Please refer to Note 17 of the annual financial statements for further details.

On January 1st, 2021, the Company entered into an LPG service agreement with Midstream LPG Partnership. Midstream LPG Partnership (“MLP”) is a related party through common ownership and control by SAM Holdings Ltd. The agreement was intended to retain the services and expertise of a qualified marketer that would enter into purchase and sale contracts for LPG products, consistent with the objective of diversifying the Company’s revenue streams. The contract specified that the fees related to the services provided would equal 15% of the net profits realized, and a portion of the salary of the marketer based on actual time spent providing the services. The Company entered into various purchase and sale contracts totaling \$554,808, less management fees of \$83,221, resulting in a net gain of \$471,588.

As of December 31, 2023, a financial receivable of \$Nil (2022 – \$582,548) is due from MLP, related to the net profits realized on the purchase and sale contracts plus applicable sales tax. As of December 31, 2023, \$Nil (2022 – \$129,382) included in accounts payable and accrued liabilities, is due to MLP, related to the management fees, payroll allocation plus applicable sales tax.

As of December 31, 2023, the Company has not entered into any contracts.

During 2023, the Company obtained consulting services from SWAT Contractors Ltd. (“SWAT”). SWAT is controlled by a director of the Company. The Company obtained these services for the purpose of developing business opportunities with new and existing clients. The Company incurred \$220,271 (2022 – \$225,561) of consulting services during the year. As of December 31, 2023, a payable of \$57,746 (2022 – \$31,580) is due to SWAT. Amounts due to SWAT are non-interest bearing and are at arms length terms.

As of December 31, 2023, a payable of \$6,150 (2022 - \$6,150) is due to Koplovich Consulting Group Ltd. (“KCG”). KCG is controlled by an officer of the Company. Amounts due to KCG are non-interest bearing and are at arms length terms.

During Q4 2023, the Board of Directors authorized the Company to enter into an interim line of credit agreement with its major shareholder SAM Holdings Ltd., which will be utilized to fund the capital program. The Company can draw up to \$7 million on the interim line of credit, which will bear interest at 5.0% per annum. The principal and interest will be payable on the closing of a financing, currently anticipated to close in Q3 2024. In the absence of such financing, the interest will be payable annually on December 31 in arrears, with the first payment commencing December 31, 2024. The availability, nature and terms of such financing are currently uncertain.

As of April 24, 2024, the Company has drawn \$4,000,000 on the interim line of credit agreement, by way of a promissory notes. The promissory note bears interest at 5.0% per annum. The principal and interest is payable on the maturity date, April 1, 2026

RECENT AND FUTURE ACCOUNTING PRONOUNCEMENTS

The Financial Statements, including comparatives, are presented in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committees (“IFRIC”).

The Company has reviewed amended accounting pronouncements and determined that the following pronouncements did not have a material impact on its financial statements:

s financial statements:

a) Amendments to IAS 12 Income Taxes

Effective January 1, 2023, amendments to IAS 12 require entities to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

b) Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Effective January 1, 2023, amendments to IAS 8 replace the definition of a change in accounting estimate with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The amendments clarify that a change in an accounting estimate that results from new information or new developments is not the correction of an error.

c) Amendments to IAS 1 Presentation of Financial Statements

Effective January 1, 2023, amendments to IAS 1 require that a company disclose its material accounting policies rather than its significant accounting policies and explain how a company can identify material accounting policies.

Effective January 1, 2024, amendments to IAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability with covenants as current or non-current and related disclosure. This amendment is not expected to have a material impact on the financial statements, as the Company has no debt subject to covenants.

CRITICAL ACCOUNTING ESTIMATES

Whitemud prepares its Financial Statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board (“IASB”). In doing so, management is required to make various estimates and judgments in determining the reported amounts of assets and liabilities, revenues and expenses for each year presented and in the disclosure of commitments and contingencies. Management bases its estimates and judgments on its own experience, guidelines established by the Canadian Institute of Mining, Metallurgy and Petroleum and various other factors believed to be reasonable under the circumstances. In reference to the Company’s significant accounting policies as described in note 3 to the Financial Statements, management believes the following critical accounting policies reflect its more significant estimates and judgments used in the preparation of the Financial Statements.

Inventories are valued at the lower of weighted average production cost and net realizable value, while consumable supplies and spares are valued at the lower of weighted-average cost and replacement cost. Determination of realizable value or replacement costs requires estimates to be made for costs to complete and sell inventory. Management periodically makes estimates regarding whether an allowance is necessary for slow moving or obsolete consumable supplies and spares inventories.

In 2016, the Company changed the rate of depreciation to better reflect the useful lives of the processing plant and equipment. Under IFRS, this change is considered a change in accounting estimate and accounted for prospectively by amortizing the cumulative changes over the remaining useful life of the related assets. Mobile equipment and other administrative-type assets are depreciated according to the declining balance or straight-line method, based on an estimate of their useful lives.

Significant decommissioning and reclamation activities are often not undertaken until substantial completion of the useful lives of productive assets. Regulatory requirements and alternatives with respect to these activities are subject to change over time. A significant change to either the estimated costs or recoverable reserves would result in a material change in the amount charged to earnings.

If it is determined that carrying values of property, plant and equipment cannot be recovered, then the asset is written down its recoverable amount. Any excess of book value over recoverable amount is charged to income in the period in which the impairment is determined. Recoverability and fair value assessments are dependent upon assumptions and judgments regarding future prices, costs of production, sustaining capital requirements and economically recoverable reserves and resources. A material change in assumptions may significantly impact the potential impairment of these assets.

The Company uses the liability method of accounting for deferred income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Deferred income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities, calculated using the currently enacted or substantively enacted tax rates anticipated to apply in the period that the temporary differences are expected to reverse. Deferred income tax inflows and outflows are subject to estimation in terms of both timing and amount of future taxable earnings. Should these estimates change the carrying value of income tax assets or liabilities may change.

Grants under Whitemud’s stock-based compensation plans are accounted for in accordance with the fair-value-based method of accounting. For stock-based compensation plans that will settle through the issuance of equity such as stock options, the fair value of stock options is estimated using the Black-Scholes option pricing model. These valuation models require the input of certain assumptions including expected share price volatility.

RISKS AND UNCERTAINTIES

The continued operation, development and exploitation of the Company’s kaolin resources and operation of its processing plant involve a high degree of financial risk. The risk factors which should be taken into account in assessing the Company’s activities include, but are not limited to, those set out below and described under “*Cautionary Note Regarding Forward Looking Statements*”. These risks are not presented in any order of priority. Any one or more of these risks could have a material effect on the operations and financial condition of the Company and should be taken into account in assessing the Company’s activities.

The Company may not be able to continue as a going concern.

The Financial Statements have been prepared on a going concern basis in accordance with IFRS, which assume Whitemud will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The application of the going concern concept is dependent upon the ability of the Company to raise additional capital to support ongoing activities, receive continued support of its creditors, and achieve profitable operations. To date, the Company’s main source of cash resources has been through the issuance of equity and debt. This dependence on the private and public market to fund cash flow needs of the Company has resulted in management including a “Nature of the Organization and Future Operations” note in the Financial Statements.

The Company may not be able to raise sufficient capital on favourable terms.

It is proposed that the Company repay the interim financing being provided by its major shareholder from the proceeds of a capital raise. There can be no certainty that such a capital raise can be closed on acceptable terms in the time frame anticipated and the interim debt may remain outstanding.

The Company is subject to risks of commodity marketing and distribution.

Commodity marketing contracts and forward contracts are subject to a bidding process with contracts usually entered into for terms of one year. The LPG marketing business is dependent upon commodity price, access to and cost of transportation, risks associated with product supply, risks of customer demand, weather related demand conditions, the ability of customers to pay for LPG's delivered to them, and various other market risks. There is no assurance that forward contracts may be obtained, extended or re-negotiated under commercially acceptable terms.

The Company's revenue does not cover its expenses.

To date, the Company has not earned significant revenues and is developing markets for metakaolin. Whitemud does not have formal sales contracts and the Company has not produced product year round on a commercial scale. The Company is currently generating a loss from its metakaolin operations and inventories of finished product are at historically low levels. As a result, additional capital investment is required to bring the facilities up to sustainable commercial production.

The Company depends on the support of the creditors to continue operations.

As described above, during 2022 there has been a demand made and an action commenced for repayment of the loan made by Kasten but that demand has been resisted, and the action defended, on the basis that the loan is statute barred under the Act. Additionally, SAM Holdings Ltd., a major shareholder of the Company, has provided a letter of credit to the Government of Saskatchewan as represented by the Minister of the Environment to secure the Company's reclamation obligations in relation to its mining operations. Should financing for the Company not be readily available in the future or support from creditors including SAM Holdings Ltd. not be maintained, then the Company will face a severe lack of liquidity that could lead to a further cessation of operations.

SAM Holdings Ltd. has also provided a \$7 million interim line of credit to the Company.

The Company facilities are subject to operating risks.

Construction of the Company's processing facility and mine is complete and the Company has completed commissioning and testing of the plant. Risks include, without limitation, equipment failures, labour disputes, work stoppages and equipment delivery delays, all of which may have an adverse effect on the Company's ongoing operations and financial condition. Additionally, the Company must enhance the efficiency of its operations to produce competitively priced product.

The Company operates in a competitive market and is not a market leader.

The cement products industry is competitive and prospective customers in the markets that the Company is targeting are frequently using lower priced products in many instances to produce concrete. As a result, the Company may not secure the sufficient metakaolin sales volumes to improve its financial condition.

The conditions in the oil and gas industry affect the Company.

The oil and gas industry is an industry that the Company targets for the sale of its kaolin and metakaolin products. Should industry conditions deteriorate this may challenge the Company's ability to expand its customer base and achieve its sales objectives or improve its financial condition.

Mining and production of metakaolin is subject to numerous risks.

Mining involves a high degree of risk and the Company has a limited history of metakaolin operations. The Company currently depends on a single property with a kaolin resource. The Company's operations are subject to environmental risks and the actual costs of reclamation for the property are subject to regulatory body guidelines. Changes in government regulations could impact Whitemud's future financial performance.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements made herein contain "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company, government approvals, the costs and timing of the development and commissioning of the project and the Company's liquidity and capital resources. Without limiting the generality of the foregoing, the Company has made materially forward-looking statements: (i) under the heading "General Business Description" with regard to the replacement of up to 10% of the cement used and ability to negotiate commercially acceptable commodity marketing contracts; (ii) "Liquidity", regarding the ability of the Company to market its metakaolin products and its midstream LPG business, the sufficiency of working capital and the necessity for support from creditors; (iii) under the heading "Company Outlook and Going Concern" with regard to the improvement of operational efficiency and enhanced production process, a potentially improved market for the Company's product, a proposed interim financing and a potential capital raise; and (iv) under the heading "Company Outlook and Going Concern", the assumption that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business, the uncertainty about the appropriateness of the going concern assumptions, the anticipated requirement for additional financing, and generate improved market

acceptance for the Company's product. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes", or variations (including negative 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. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Material risk factors that could cause results to differ materially from any future results include the following risk factors: "Whitemud has no material operating revenue, history of Metakaolin or Kaolin project development or operations," is applicable to the forward-looking statements identified in (i) through (iv) above; "The Metakaolin market Whitemud is targeting is underdeveloped," is applicable to the forward-looking statements identified in (i) through (iv) above; "Whitemud may not achieve sales volumes and sales prices for products," is applicable to the forward-looking statements identified in (i) through (iv) above; "Whitemud does not have formal sales contracts," is applicable to the forward-looking statements identified in (i) through (iv) above; "the Company is not producing product consistently and has not exhibited consistent quality of product on a commercial scale" is applicable to the forward looking statements identified in (i) through (iv) above; "the process has not been proven at the large production levels projected," is applicable to the forward-looking statements identified in (i) through (iv) above; "Mining/quarrying operations are subject to a high degree of risk," is applicable to forward-looking statements made in (i) through (iv) above; "Government regulation may adversely affect Whitemud," is applicable to forward-looking statements made in (iv) above; and "Whitemud's distribution and sales of its products face uncertainty," is applicable to forward-looking statements made in (ii) and (iii) above. "No assurance that new business ventures will develop on a profitable and sustained basis or that the Company will have the necessary contractual commitments, resources, and working capital to continue with the new business ventures" is applicable to forward-looking statements made in (iii). "There can be no guarantee that capital can be raised on favourable terms at a sufficient level to fund required operations" is applicable to (ii), (iii) and (iv) above. "The proposed interim financing and proposed capital raise are still subject to regulatory approval" is applicable to (iii) above. The forgoing list of risk factors is not exhaustive. Additional information on risk factors is included under the heading "Risks and Uncertainties" in this MD&A, as well as general business, economic, competitive, political and social uncertainties; the actual results of exploration activities; actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metakaolin and kaolin; possible variations of kaolinized ore deposit composition and qualities; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining government approvals or in obtaining sufficient debt or equity financing if required, or in the completion of development or construction activities, including the potential expansion of the plant. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in the forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. In making its forward-looking statements, the Company used, among others, the following material factors or assumptions to develop forward-looking information enumerated above: the target market for Whitemud will accept Whitemud's metakaolin for its stated purpose, use of metakaolin remains economic, government regulations governing Whitemud's title to mineral properties, its permits and plant operations will not change, the economic conditions continue to improve to an extent where demand for concrete products in the concrete industry will improve to and beyond levels experienced prior to the economic downturn and that the various independent reviews conducted on the Company's products and resources are accurate. Forward-looking statements contained herein are made as of the date hereof subject to the requirements of applicable securities legislation and except as otherwise required by law, the Company assumes no obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.

OTHER INFORMATION

Additional information related to the Company is available for viewing on SEDAR+ at www.sedarplus.ca and at the Company's website at www.whitemudresources.com.