

ELECTION RE OPTION CASH OUT

TO: Canada Revenue Agency
FROM: Waseca Energy Inc. (the "Corporation")

The undersigned hereby advises that it is electing pursuant to the provisions of subsection 110(1.1) that neither the Corporation nor any person not dealing at arm's length with the Corporation will deduct in computing its income for a taxation year any amount in respect of a payment to or for the benefit of a taxpayer made in consideration of the taxpayer's transfer or disposition of rights under a stock option agreement on the date hereof.

The undersigned further confirms that it will complete code 86 on the relevant T4 forms in respect of each affected employee indicating the amount to which such election applies.

DATED this 2 day of November, 2012.

WASECA ENERGY INC.

Per: Alan Sted