

September 18, 2018

REPORT TO OUR SHAREHOLDERS

We are pleased to provide you with the Condensed Consolidated Interim Financial Statements and Management's Discussion of Financial Results for the three and six months ended June 30, 2018 along with this Report to Our Shareholders, which includes discussion on other important matters. Collectively, these materials contain detailed financial information and a summary of each operating facility within White Owl's network for the stated periods.

FINANCIAL HIGHLIGHTS

	Three months ended June 30			Six months ended June 30,		
(\$ 000's Canadian except for volumes)	2018	2017	% Change	2018	2017	% Change
North Dakota						
Volumes (barrels)						
Disposal volumes	3,588,324	3,042,068	18%	6,863,163	5,817,760	18%
Recovered oil sales volumes	11,727	12,541	-6%	24,571	22,419	10%
Revenue						
Oilfield waste disposal	2,453	2,164	13%	4,627	4,086	13%
Oil sales	849	642	32%	1,702	1,154	47%
Total revenue	3,302	2,806	18%	6,329	5,240	21%
Operating expenses	(1,704)	(1,499)	14%	(3,313)	(3,188)	4%
North Dakota operating income ⁽¹⁾	1,598	1,307	22%	3,016	2,052	47%
Alberta						
Volumes (barrels)						
Disposal & 3 rd party processing	172,807	-		386,204	-	
Oil and gas volumes	4,558	-		8,657	-	
Revenue						
Disposal & 3 rd party processing	349	-		785	-	
Oil and gas sales	318	-		567	-	
Total revenue	667	-		1,352	-	
Operating expenses	(877)	-		(1,463)	-	
Alberta operating (loss) ⁽¹⁾	(210)	-		(111)	-	

FINANCIAL HIGHLIGHTS (Continued)

(\$ 000's Canadian)	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Total combined revenue	3,969	2,806	41%	7,681	5,240	47%
Total combined operating expense	(2,581)	(1,499)	72%	(4,776)	(3,188)	50%
Total combined operating income ⁽¹⁾	1,388	1,307	6%	2,905	2,052	42%
General and administrative	(637)	(416)	53%	(1,151)	(879)	31%
EBITDA ⁽¹⁾	751	891	-16%	1,754	1,173	50%
Other income and expenses						
Depreciation and depletion	(540)	(371)	46%	(1,036)	(720)	44%
Impairment	0	(1,076)		0	(1,076)	
Finance costs	(399)	(273)	46%	(774)	(523)	48%
Share-based payments	(34)	(93)	-63%	(68)	(180)	-62%
Foreign exchange (losses) gains	(147)	42	-450%	(180)	46	-491%
Gain on settlement of promissory notes	258	0		258	0	
Loss on disposal of equipment and abandonment costs	(94)	(69)	36%	(94)	(69)	36%
Net income (loss)	(205)	(949)	78%	(140)	(1,349)	90%

⁽¹⁾ Refer to "Non-GAAP Measures" in the Company's accompanying Management's Discussion of Financial Results for the three months ended March 31, 2018 for additional information.

The West Texas Intermediate ("WTI") benchmark oil price is a leading indicator of industry activity and a useful barometer to help understand White Owl's financial and operating performance. Through the first half of 2018, WTI continued to strengthen, averaging US\$62.91 per barrel ("bbl") in Q1 2018, and increasing further to average US\$67.88/bbl in Q2 2018. Another indicator of industry activity is rig count which averaged 57 rigs in North Dakota in Q1 2018, and has further increased to average 62 rigs in Q2 2018. In response to the stronger WTI price, we have seen an overall production increase in the Bakken and an increase in the number of drilling rigs and well completions. As a result of this activity, we are experiencing some recovery in disposal fees but do not anticipate pricing levels returning to 2014 and 2015 levels in the near term.

During the second quarter of 2018, White Owl generated total revenue of \$3,969,000 from our combined North Dakota and Alberta operations, representing a 41% increase over \$2,806,000 in total revenue for Q2 2017. In Q2 2018 combined operating income increased by 6% to \$1,388,000 compared to \$1,307,000 in Q2 2017. For the six months ended June 30, 2018, combined operating income increased by 42% to \$2,905,000 from \$2,052,000 for the comparable 2017 period while year-to-date EBITDA increased by 50% to \$1,754,000 from \$1,173,000 for the six months ended June 30, 2017. In Q2 2018, EBITDA decreased by 16% to \$751,000 from \$891,000 in Q2 2017 mainly due to one-time well workover costs in Alberta. These improved results for the six months ended June 30, 2018 are attributable to increased operating income from all of our North Dakota facilities, including New Town, Watford, Ross and Tioga, with a notable seventeen-fold increase in operating income at Ross.



North Dakota

North Dakota operating income increased by 22% to \$1,598,000 in Q2 2018 from \$1,307,000 in Q2 2017, while operating income increased by 46% to \$3,016,000 for the six months ended June 30, 2018 compared to \$2,052,000 in the 2017 comparable period. The second quarter operating margin for North Dakota operations was 48%, slightly higher than 47% in Q2 2017, while for the year to date, the operating margin increased to 48% compared to 39% in the 2017 comparable period. In North Dakota, the Company disposed of 3,588,324 barrels ("bbls") of fluids, or 39,432 bbls per day ("b/d"), which represents an 18% increase over the 3,042,068 bbls of fluids or 33,429 b/d disposed of during the same quarter in 2017. Approximately 95% of North Dakota volumes in Q2 2018 were comprised of produced water. The balance was flowback water associated with drilling operations, which contains incremental oil that can be separated and sold to generate additional revenue. The sale of these recovered oil volumes during the first quarter of 2018 totalled 11,727 bbls, a decrease of 6% over the comparable quarter in 2017.

Alberta

In Alberta, disposal and third party processing volume totaled 172,807 bbls during the second quarter of 2018, while oil and gas sales totaled 4,588 barrels of oil equivalent.

In Q2 2018, general and administrative expenses totalled \$637,000, or 16% of total combined revenue, compared to \$416,000, or 15% of total combined revenue in Q2 2017. For the six months ended June 30, 2018, general and administrative expenses totalled \$1,151,000, or 15% of total combined revenue, compared to \$879,000, or 17% of total combined revenue, in the six months ended June 30, 2017. The increase in general and administrative expenses is mainly due to additional staffing and related office costs associated with the purchase of Clairmont in Q3 2017 and the construction of the Epping facility in North Dakota in 2018. In addition professional fees increased due to the Company's ongoing restructuring initiatives as discussed in the Outlook section.



OPERATING LOCATIONS (dollar amounts in USD except Clairmont):

New Town

New Town Facility (amounts in USD except volumes)

		<u>Q2 2018</u>	<u>Q2 2017</u>	<u>Change</u>	<u>YTD 2018</u>	<u>YTD 2017</u>	<u>Change</u>
Production Water	b/d	14,798	12,516	18%	13,398	12,354	8%
Flowback	b/d	1,284	1,431	-10%	1,319	991	33%
Total Fluids Disposed	b/d	16,083	13,947	15%	14,717	13,345	10%
Oil Volumes	b/qtr	5,492	7,400	-26%	9,806	12,668	-23%
Revenue							
Production Water		662,304	525,082	26%	1,177,124	1,039,020	13%
Price for Production Water/bbl		\$0.50	\$0.46	8%	\$0.49	\$0.46	4%
Flowback		114,311	115,009	-1%	205,713	156,246	32%
Price for Flowback/bbl		\$0.98	\$0.88	11%	\$0.86	\$0.87	-1%
Recovered Oil		307,029	278,621	10%	534,366	485,342	10%
Price for Oil/bbl		\$55.91	\$37.65	48%	\$54.49	\$38.31	42%
Total Revenue		\$1,083,644	\$918,712	18%	\$1,917,203	\$1,680,608	14%
Total Revenue/bbl.		\$0.74	\$0.72	2%	\$0.72	\$0.70	3%
Operating Expenses		600,698	506,232	19%	1,166,053	1,064,387	10%
Operating Income		482,946	412,480	17%	751,150	616,221	22%

New Town operating income improved by 17% in Q2 2018 to \$482,946 compared to \$412,480 in Q2 2017. For the six months ended June 30, 2018, operating income for this facility increased by 22% to \$751,150 from \$616,221 in the comparable 2017 period. Total revenue per barrel increased by 2% to \$0.74/bbl in Q2 2018 compared to \$0.72/bbl in Q2 2017, while for the six months ended June 30, 2018, total revenue per barrel increased by 3% to \$0.72/bbl compared to \$0.70/bbl in the 2017 comparable period. During the second quarter of 2018, total fluids disposed were 16,083 b/d or 15% higher than the same period in 2017, with an increase in production water volumes disposed more than offsetting a decrease in flowback volumes. For the six months ended June 30, 2018, total fluids disposed increased by 10% compared to the same period in 2017.

In Q2 2018, pricing for production water disposed increased by 8% to \$0.50/bbl which combined with an 18% increase in volumes disposed resulted in production water disposal revenue increasing by 26% to \$662,304 compared to \$525,082 for Q2 2017. For the six months ended June 30, 2018, the pricing for production water disposal increased by 5% which, when combined with an 8% increase in volumes disposed resulted in production water disposal revenue increasing by 13% to \$1,177,124 compared to \$1,039,020 in the 2017 comparable six month period.



The pricing for flowback volumes increased by 11% in Q2 2018 over Q2 2017 and offset a 10% decrease in flowback volumes to result in flowback revenues of \$114,311 in the current quarter compared to \$115,009 in Q2 2017. For the six months ended June 30, 2018, flowback revenues at New Town increased by 32% to \$205,713 from \$156,246 in the 2017 comparable period. This increase in flowback revenue for the year to date is mostly due to a 33% increase in flowback volumes sold as flowback pricing remained flat compared to the six months ended June 30, 2017.

In Q2 2018, oil sales revenues increased by 10% to \$307,029 compared to \$278,621 in Q2 2017 as a 48% increase in the average price per barrel of oil more than offset a 26% decrease in oil volumes sold. For the six months ended June 30, 2018, oil sales revenues also increased by 10% to \$534,366 from \$485,342 in the 2017 comparable period due to a 42% increase in the average oil price more than offsetting a 23% decrease in oil volumes sold. Even though flowback volumes increased by 33% for the six months ended June 30, 2018, oil volumes sold decreased by 23% as customers improved capabilities to separate the oil on-site prior to shipping flowback to White Owl.

Watford City

Watford Facility (amounts in USD except volumes)

		Q2 2018	Q2 2017	Change	YTD 2018	YTD 2017	Change
Production Water	b/d	13,586	12,846	6%	13,564	11,769	15%
Flowback	b/d	187	640	-71%	253	630	-60%
Total Fluids Disposed	b/d	13,773	13,486	2%	13,817	12,399	11%
Oil Volumes	b/qtr	1,659	2,030	-18%	3,942	3,897	1%
Revenue							
Production Water		581,050	592,250	-2%	1,152,569	1,085,569	6%
Price for Production Water/bbl		\$0.50	\$0.51	-1%	\$0.47	\$0.51	-8%
Flowback		25,845	84,152	-69%	66,674	166,978	-60%
Price for Flowback/bbl		\$1.00	\$1.44	-31%	\$1.46	\$1.46	0%
Recovered Oil		92,352	77,493	19%	212,443	150,596	41%
Price for Oil/bbl		\$55.67	\$38.18	46%	\$53.89	\$38.65	39%
Total Revenue		699,248	753,894	-7%	1,431,686	1,403,143	2%
Total Revenue/bbl.		\$0.56	\$0.61	-9%	\$0.57	\$0.63	-8%
Operating Expenses		386,952	351,403	10%	764,443	763,087	0%
Operating Income		312,296	402,491	-22%	667,243	640,056	4%

In Q2 2018, Watford operating income decreased by 22% to \$312,296 compared to \$402,941 in Q2 2017 as plant capacity was predominantly filled with lower priced production water. Truckers hauling flowback water need quick unload times and are not prepared to wait behind truckers hauling regular production volumes. In addition



the pricing for flowback decreased by 31% due to competitive pressures. However, Watford operating income increased by 4% to \$667,243 for the six months ended June 30, 2018 from \$640,056 in the comparable period in 2017. In Q2 2018, total revenue per barrel decreased by 9% to \$0.56/bbl compared to \$0.61/bbl in Q2 2017 mainly due to the aforementioned increase in lower priced production water volumes relative to higher priced flowback volumes. This also led to a 9% decrease in total revenue per barrel for the six months ended June 30, 2018 to \$0.57/bbl compared to \$0.63/bbl in the 2017 comparable period.

During the second quarter of 2018, total fluids disposed were 13,773 b/d, or 2% higher than 13,486 b/d in Q2 2017, while for the six months ended June 30, 2018, total fluids disposed were 11% higher than the comparable period in 2017. In the three and six months ended June 30, 2018, flowback volumes decreased by 71% and 60% respectively due to the increased production water volumes consuming a greater portion of plant capacity due to customer commitments.

Realized oil prices in Q2 2018 increased by 46% compared to Q2 2017 averaging \$55.67/bbl and led to a 19% increase in oil sales revenues which more than offset an 18% decrease in oil volumes in the current quarter. Oil revenues increased by 41% for the six months ended June 30, 2018 compared to the comparable period in 2017 as oil prices increased by 39%.

Ross

Ross Facility (amounts in USD except volumes)

		Q2 2018	Q2 2017	Change	YTD 2018	YTD 2017	Change
Production Water	b/d	4,141	2,819	47%	4,316	2,923	48%
Flowback	b/d	476	190	150%	770	188	310%
Total Fluids Disposed	b/d	4,617	3,009	53%	5,086	3,111	63%
Oil Volumes	b/qtr	3,956	1,579	151%	9,185	3,412	169%
Revenue							
Production Water		188,414	115,522	63%	390,436	241,862	61%
Price for Production Water/bbl		\$0.50	\$0.45	11%	\$0.50	\$0.46	9%
Flowback		49,159	17,234	185%	145,153	34,188	325%
Price for Flowback/bbl		\$1.00	\$0.99	1%	\$1.04	\$1.00	4%
Recovered Oil		222,301	61,666	260%	497,162	133,575	272%
Price for Oil/bbl		\$56.19	\$39.05	44%	\$54.13	\$39.15	38%
Total Revenue		459,874	194,422	137%	1,032,751	409,625	152%
Total Revenue/bbl.		\$1.09	\$0.71	54%	\$1.12	\$0.73	54%
Operating Expenses							
		208,965	171,661	22%	427,723	373,476	15%
Operating Income							
		250,909	22,761	1002%	605,028	36,149	1574%



Q2 2018 operating income increased eleven-fold to \$250,909 from \$22,761 in Q2 2017, while for the six months ended June 30, 2018, operating income increased seventeen-fold to \$605,028 from \$36,149 in the 2017 comparable period. In Q2 2018, total revenue per barrel increased 54% to \$1.09/bbl from \$0.71/bbl in Q2 2017 mostly due to a 44% increase in the price per barrel realized for oil sales, and an 11% increase in the price per barrel for production water. For the six months ended June 30, 2018, total revenue per barrel also increased 54% to \$1.12/bbl from \$0.73/bbl in the comparable period in 2017 due to higher prices for production water (9%), flowback (4%) and oil (38%).

For the three and six months ended June 30, 2018 total fluids disposed increased significantly by 53% to 4,617 b/d and by 63% to 5,086 b/d, respectively, compared to the comparable periods in 2017 due to drilling and completion activity expanding beyond the core area of the Bakken during the second half of 2017 and continuing into 2018.

For the three and six months ended June 30, 2018, oil sales volumes increased by 151% and 169%, respectively while oil prices increased by 44% and 38%, respectively, compared to the comparable periods in 2017. The increase in oil sales volumes is mainly due to the significant increase in flowback volumes. The higher oil sales volumes and prices have resulted in an almost four-fold increase in oil revenues to \$222,301 in Q2 2018 and to \$497,162 for the six months ended June 30, 2018.

The significantly increased volumes for both disposal fluids and oil combined with the higher prices resulted in a 137% increase in total revenue to \$459,874 in Q2 2018 and a 152% increase to \$1,032,751 for the six months ended June 30, 2018 compared to the comparable 2017 periods. Volume increases accounted for increases in operating expenses of 22% in Q2 2018 and 15% for the six months ended June 30, 2018. We are pleased to report that operations to date in 2018 indicate an expected substantial improvement in the Ross facility's financial performance for the year ended 2018. As mentioned above, this is due to an increase in drilling activities in the Tier 2 areas of the Bakken play where continuing higher oil prices have improved the economics of drilling in these fringe areas.

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Tioga Salt Water Disposal ("SWD") Joint Venture ("JV")

Tioga (Volumes 100%; Dollar amounts at 32% Working Interest in USD)

		Q2	Q2				
		2018	2017	Change	YTD 2018	YTD 2017	Change
Production Water-Trucked	b/d	9,699	5,512	76%	8,438	6,933	22%
Production Water-Piped	b/d	5,750	2,145	168%	4,984	2,102	137%
Flowback	b/d	54	1,680	-97%	26	1,228	-98%
Total Fluids Disposed	b/d	15,503	9,337	66%	13,448	10,262	31%
Oil Sales	b/qtr	1,937	4,790	-60%	5,118	7,633	-33%
Revenue							
Production Water-Trucked		141,213	72,225	96%	244,287	180,299	35%
Price for Production Water/bbl		\$0.50	\$0.45	11%	\$0.50	\$0.45	11%
Production Water-Piped		125,582	46,860	168%	216,490	91,336	137%
Price for Production Water/bbl		\$0.75	\$0.75	0%	\$0.75	\$0.75	0%
Flowback		1,578	31,033	-95%	1,513	46,739	-97%
Price for Flowback/bbl		\$1.00	\$0.63	58%	\$1.01	\$0.66	54%
Recovered Oil		35,230	58,545	-40%	88,269	93,958	-6%
Price for Oil/bbl		\$56.84	\$38.19	49%	\$53.90	\$38.47	40%
Overhead Fee Income		9,780	10,199	-4%	19,740	19,980	-1%
Total Revenue		313,383	218,862	43%	570,299	432,312	32%
Total Revenue/bbl.		\$0.69	\$0.80	-14%	\$0.73	\$0.73	1%
Operating Expenses		114,114	79,630	43%	218,374	178,494	22%
Operating Income		199,269	139,233	43%	351,925	253,818	39%

White Owl has a 32% working interest in the Tioga SWD JV. The discussion below is based on total volumes for the facility while the financial information represents White Owl's 32% interest in the JV.

Q2 2018 operating income increased by 43% to \$199,269 and increased 39% to \$351,925 for the six months ended June 30, 2018 compared to the same periods in 2017. In Q2 2018, total revenue per barrel decreased to \$0.69/bbl from \$0.80/bbl in Q2 2017 due to significantly lower flowback volumes. The decrease in total revenue per barrel in Q2 2018 was more than offset by increases in total fluids disposed which resulted in total revenue increasing 43% to \$313,383 in the quarter compared to Q2 2017. Although total revenue per barrel of \$0.73 in the six months ended June 30, 2018 remained flat relative to the 2017 comparable period, total revenue increased by 32% to \$570,299 due to a 31% increase in total fluids disposed and due to higher oil prices offsetting lower oil sales volumes.

Operations to date at Tioga show an increase in total fluid volumes disposed and the site is now operating close to the maximum pump capacity of 15,000 b/d.



During Q2 2018, total fluids disposed increased by 66% compared to Q2 2017. A 168% increase in piped production water and a 76% increase in trucked production water more than offset a 97% decrease in flowback volumes. Due to trucked and pipelined water volumes filling the plant's capacity, the Tioga plant was unable to accept significant flowback volumes which led to lower oil sales volumes. Truckers hauling flowback water need quick unload times and are not prepared to wait behind truckers hauling regular production volumes. However, the significant increase in production water volumes more than offset the financial impact of the lower flowback and oil sales volumes. For the three and six months ended June 30, 2018 oil sales volumes decreased by 60% to 1,937 bbls and by 33% to 5,118 bbls, respectively, relative to the 2017 comparable periods due to lower flowback volumes.

The volume increases in total fluids disposed resulted in operating expenses increasing by 43% and 22% in the three and six months ended June 30, 2018, respectively.

Epping SWD JV

A 10-year initial term disposal agreement featuring automatic extensions has been executed by White Owl with a major oil producer at Epping in Williams County, North Dakota. This agreement will see the producer pipeline-connect its gathering system to the Epping location, thereby providing a long-term commitment to deliver produced water to Epping. White Owl concurrently executed a joint venture agreement with the White Owl Epping LLC, the terms of which stipulate that the Epping LLC and certain service providers will fund the development of a new US\$4.5 million disposal facility in the area. As per the agreement, White Owl will receive a 20% carried interest through the development stage of the project, which includes the construction of the SWD and drilling of the injection well. All permits and landowner agreements are now in place for Epping. Construction of this facility commenced in May 2018 and became fully operational on September 17, 2018.

Alberta - Clairmont Processing and Disposal Plant:

Clairmont is a clean oil terminal and emulsion processing facility and also has producing oil and gas assets. Since the facility was acquired in September 2017, the Company has added additional commercial business lines for third party emulsion treating, dry-oil blending and terminalling, and third-party water disposal. Average oil production associated with the facility is approximately 40 barrels of oil equivalent per day.

As indicated in the 2017 year end results, market conditions in the Grande Prairie area remain strong. Once the plant is expanded to allow for additional water disposal and oil blending capability, the facility is forecasted to contribute substantial operating income. The marketing activities of White Owl's marketing partner, Trafigura Canada General Partnership, have been restricted and will remain so until the planned expansion is completed, which will have an immediate impact on business levels. The expansion is subject to the availability of capital.

Our 2018 activities at Clairmont are focused on maximizing the existing processing and disposal capacity of the plant, enhancing White Owl's knowledge of the market and designing upgrades needed to increase the capacity for dry-oil blending, emulsion treating, and water disposal. In Q2 2018, Clairmont incurred an operating loss of C\$210,000 due to a one-time well workover expense of C\$183,000 in April. As a result of this expense, there was an operating loss for the six months ended June 30, 2018 totaled C\$111,000. We anticipate a small amount of positive operating income from the Clairmont plant in 2018.



DEVELOPMENT LOCATIONS

Alexander: The Class 1 permit application process for the decommissioned Alexander facility is ongoing. The down-hole well work required by the regulator has been completed and the onsite commissioning of the plant has started.

The facility is presently suspended and the cost to recommission the facility will be an estimated US\$370,000 with this work expected to be completed in Q4 2018 and funded out of working capital. The North Dakota Department of Health ("NDDoH") is the regulator for the plant and has issued a final permit to allow commencement of operations. White Owl expects Alexander to commence operations in October 2018. Undertaking the conversion from a Class 2 to a Class 1 facility will differentiate White Owl from area competitors as there is limited competition for provision of this service, which commands premium pricing relative to the Class 2 SWD business.

The Alexander Class 1 facility will be the first commercial Class 1 disposal facility in North Dakota and we anticipate the plant will contribute significant operating income in 2019. The potential customer base includes entities who generate fluids from regional landfills, local refineries, mining operators, pipeline operators, and oil terminals.

Blue Buttes: A permit has been issued by the North Dakota Industrial Commission for the Blue Buttes SWD. This will be a 2019 project subject to the availability of suitable financing.

Additional Disposal Wells: The New Town, Watford City, and Tioga facilities are currently operating at maximum disposal capacity, and as the need for disposal in these areas increases, a second disposal well may be required. At New Town, permitting for a second disposal well has been completed; at Watford City, a second disposal well is in the permitting process; and at Tioga, a second disposal well is in the planning stages.

New Projects: Management is continuing to work on the development of new SWD projects with the current focus on establishing an anchor customer to pipeline-connect or commit volumes to any of the proposed new locations. The Company has also applied for a treating plant permit at its Tioga SWD and is actively pursuing a second treatment plant location. Management pursues treatment and disposal plant permits to provide an inventory of new projects which will provide shareholders with growth opportunities well into the future.

OUTLOOK

White Owl is in an enviable operating position within its current markets, with high rates of utilization at nearly all of its facilities and a deep inventory of opportunities. Our financial performance from existing operations for the first six months of 2018 is indicative of the performance we expect for the balance of the year; stable to growing income from North Dakota with a small positive contribution from the Grande Prairie operations. In addition, the Epping SWD facility in North Dakota will be fully operational for most of the fourth quarter as will the Alexander Class 1 disposal facility. Despite challenging fiscal conditions both internally and external to White Owl, we are slowly and profitably growing our business.

Our banking relationship is gradually improving with the resumption of principal payments which commenced with a blended principal and interest payment of US\$185,256 made on August 31, 2018. Once we have made the "catch-up" balloon payment of US\$1 million in January 2019, our financial situation should stabilize.



Improving financial results should allow us to decrease senior lender debt by approximately US\$2.5 million, from US\$11.3 million today to US\$8.9 million by year end 2019.

Following our announcement of the Davidson engagement in the first quarter shareholder letter, several of our shareholders have enquired about liquidity alternatives. We intend to prudently assess the alternatives available to us as a result of Davidson's review, considering the interests of all shareholders, with a view to strengthening the Company's balance sheet and facilitating further development of White Owl's asset base in a climate of improving business conditions.

If you have any questions, please do not hesitate to contact me directly at 403-457-5456 extension #101 or pinnello@whiteowl-services.com. We sincerely thank you for your support and confidence in the management and board of White Owl.

Sincerely,

On behalf of the Board of Directors,
Owen Pinnell, P.Eng.
President and CEO