



October 16, 2019

INTERIM REPORT TO OUR SHAREHOLDERS

This interim report to our shareholders is to update you on events that have transpired since our Q2 report. The 3rd quarter of 2019 is over, and it was a record one for White Owl Energy Services Inc. ("the Company"). The September month end financials are being finalised and July and August were strong months and we expect the third quarter to generate EBITDA of between US\$1.4 million and \$1.5 million.

All the North Dakota Class 2 SWD locations but for Epping generated strong operating income and exceeded budget for the quarter. The Epping SWD is generating less income than forecast due to the tight disposal well which takes between 7,000 to a maximum of 8,500 barrels of water per day, depending on water density. The recently converted Class 1 facility at Alexander is picking up with stronger compliance of Class 1 regulations which is resulting in higher volumes and stronger financial performance.

As you are aware, over the summer we have been constructing the new Watford City SWD facility, replacing the plant that was destroyed by fire earlier this year. We expect the plant to be operational by the third week of October and all indications from local customers are that the facility will return to full capacity quickly.

At Tioga, we recently received the permit for a second Class 2 disposal well and current plans are to have the well drilled and operational by early 2020 subject to partner approvals and financing. At Epping we are planning to drill a second well however we have not yet received the permit for this project, and as a result this project could be delayed into 2020.

To fund the Tioga and Epping projects we are planning to raise new capital, as announced in the Q2 report dated October 1, 2019. The Company is proceeding with a private placement of common shares and provided that enough funds are raised, will also exercise its option to purchase an additional 15% working interest in the Tioga SWD, which is one of our most profitable plants.

The 2020 budget is now being prepared and the plan for 2020 is to maintain profitability at all locations while spending minimal capital on necessary plant improvements. We will continue to pay down the term loan which is expected to be US\$8.2 million at year end 2019 and expected to be down to a low of US\$6.8 million by year end 2020.

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

Cautionary Statements:

This letter contains certain forward-looking statements and forward-looking information (collectively referred to herein as “forward looking statements”) within the meaning of applicable securities laws. All statements other than statements of present or historical fact are forward looking statements. Forward looking information is often, but not always, identified by the use of words such as “could”, “should”, “can”, “anticipate”, “expect”, “believe”, “will”, “may”, “projected”, “sustain”, “continues”, “strategy”, “potential”, “projects”, “grow”, “take advantage”, “estimate”, “well positioned” or similar words suggesting future outcomes. In particular, this letter contains forward looking statements relating to future opportunities, business strategies and competitive advantages. The forward-looking statements regarding White Owl Energy Services Inc. (“White Owl” or the “Corporation”) are based on certain key expectations and assumptions of White Owl concerning anticipated financial performance, business prospects, strategies, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of labour and services and the ability to obtain financing on acceptable terms, all of which are subject to change based on market conditions and potential timing delays. Although management of White Owl considers these assumptions to be reasonable based on information currently available to them, they may prove to be incorrect.

By their very nature, forward looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. Undue reliance should not be placed on forward looking statements, as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations and anticipations, estimates and intentions expressed in the forward looking statements, including among other things: inability to meet current and future obligations; inability to implement White Owl’s business strategy effectively for a number of reasons, including general economic and market factors, including business competition, changes in government regulations; access to capital markets; interest and currency exchange rates; commodity prices; technological developments; general political and social uncertainties; lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation; timing and availability of external financing on acceptable terms; and lack of qualified, skilled labour or loss of key individuals. Readers are cautioned that the foregoing list is not exhaustive.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this letter are made as of the date of this letter and White Owl does not undertake and is not obligated to publicly update such forward looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

The information contained in this letter does not purport to be all-inclusive or to contain all information that a prospective investor may require. Prospective investors are encouraged to conduct their own analysis and reviews of White Owl and of the information contained in this letter. Without limitation, prospective investors should consider the advice of their financial, legal, accounting, tax and other advisors and such other factors they consider appropriate in investigating and analyzing White Owl.

Any financial outlook or future-oriented financial information, as defined by applicable securities legislation, has been approved by management of White Owl as of the date hereof. Such financial outlook or future-oriented financial information is provided for the purpose of providing information about management's current expectations and goals relating to the future of White Owl. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

White Owl uses terms within this letter, including, among others, “EBITDA”, which terms do not have a standardized prescribed meaning under generally accepted accounting principles (“GAAP”) and these measurements are unlikely to be comparable with the calculation of similar measurements of other entities. Prospective investors are cautioned, however, that these measures should not be construed as alternatives to measures determined in accordance with GAAP.

This letter does not constitute an offer to sell securities of the Corporation or a solicitation of offers to purchase securities of the Corporation. such an offer or solicitation will only be conducted in accordance with applicable securities laws and pursuant to an enforceable agreement of purchase and sale.