November 13, 2019

REPORT TO OUR SHAREHOLDERS

To Our Shareholders,

We are pleased to provide you with the financial statements and management's discussion of financial results for the three and nine months ended September 30, 2019.

The third quarter of 2019 for White Owl Energy Services Inc.("White Owl" or "the Corporation") was very strong, highlighted by the following:

- EBITDA reached a record $2,048,000, a 38% increase from EBITDA of $1,485,000 in Q3 2018.
- The Watford SWD Facility has been rebuilt with successful commissioning completed on October 21, 2019. Within a week of commissioning, fluid disposal volumes have increased to near-capacity levels.
- During the quarter, the Corporation's North Dakota facilities operated at close to full capacity in response to strong oil and natural gas drilling and completion activity by area producers.
- Q3 2019 was a breakthrough quarter for the Corporation's new Alexander Class 1 Facility as it contributed operating income of $324,000 in response to a successful marketing program.
- The installation and rental of a temporary pump at the Ross SWD Facility has increased fluid volumes disposed by 30% to 40% since late Q3 2019.

For the three and nine months ended September 30, 2019, the following table of Financial Highlights relating to North Dakota operations does not recognise volumes, revenues and expenses for Watford City from the date of the fire on January 17, 2019. However, the business interruption insurance recovery amounts which replace lost revenues are recognised as a separate line item below operating income and included in earnings.

FINANCIAL HIGHLIGHTS

	Three months ended September 30,			**Nine months ended September 30,**		
($000's, unless otherwise noted)	**2019**	2018	%	**2019**	2018	%
North Dakota operations[1]						
Disposal volumes (Bbls)	**3,419,748**	3,601,961	-5%	**8,828,042**	10,465,104	-16%
Recovered oil sales volumes (Bbls)	**15,982**	9,977	60%	**35,722**	34,545	3%
Disposal revenue ($ per Bbl)	**$0.95**	$0.78	22%	**$0.86**	$0.71	21%
Recovered oil sales revenue ($ per Bbl)	**$61.07**	$77.68	-21%	**$62.82**	$71.70	-12%
Operating costs and royalties ($ per Bbl)	**$0.69**	$0.50	38%	**$0.81**	$0.49	65%

($000's, unless otherwise noted)	Three months ended September 30, 2019	2018	%	Nine months ended September 30, 2019	2018	%
North Dakota disposal and services revenue						
Disposal revenue	**$3,251**	$2,823	15%	**$7,588**	$7,426	2%
Recovered oil sales revenue	**976**	776	26%	**2,244**	2,478	-9%
Other revenue	**104**	249	-58%	**369**	274	35%
Total revenue – North Dakota	**4,331**	3,848	13%	**10,201**	10,178	0%
Operating costs	**(2,362)**	(1,793)	32%	**(7,148)**	(5,107)	40%
Operating income – North Dakota(2)	**$1,969**	$2,055	-4%	**$3,053**	$5,071	-40%
Alberta operations						
Volumes (Bbls)						
Disposal and third-party processing	**227,239**	195,895	16%	**884,873**	582,109	52%
Oil and gas	**-**	4,715	-	**1,856**	13,394	-86%
Revenue						
Disposal and third-party processing	**$444**	$341	30%	**$1,354**	$1,124	20%
Oil and gas sales	**-**	327	-	**99**	895	-89%
Total revenue - Alberta	**444**	668	-34%	**1,453**	2,019	-28%
Operating costs	**(374)**	(664)	44%	**(1,646)**	(2,126)	-23%
Operating income (loss) - Alberta(2)	**$70**	$4	1650%	**($193)**	($107)	-80%
Combined operations						
Oilfield disposal and processing revenue	**$4,671**	$3,940	19%	**$11,186**	$11,028	1%
Oil and gas sales	**-**	327	-100%	**99**	895	-89%
Other revenue	**104**	249	-58%	**369**	274	35%
Total revenue	**4,775**	4,516	6%	**11,654**	12,197	-4%
Operating costs	**(2,736)**	(2,457)	11%	**(8,794)**	(7,233)	22%
Operating income(2)	**2,039**	2,059	-1%	**2,860**	4,964	-42%
General and administrative expenses ("G&A")	**(579)**	(574)	1%	**(1,768)**	(1,725)	2%
Insurance recovery – business interruption	**588**	-	-	**1,913**	-	-
EBITDA (2)	**2,048**	1,485	38%	**3,005**	3,239	-7%
Other income and expenses						
Depreciation and depletion	**(415)**	(558)	-26%	**(1,296)**	(1,594)	-19%
Impairment	**-**	-	-	**(4,745)**	-	-
Finance costs	**(325)**	(356)	-9%	**(999)**	1,130)	-12%
Share-based payments	**(17)**	(37)	-54%	**(49)**	(105)	-53%
Foreign exchange gains (losses)	**(79)**	30	363%	**32**	(150)	121%
Gain on settlement of promissory note	**-**	(400)	-	**-**	(142)	-
Loss on disposal of property, plant and equipment	**-**	(41)	-	**(4)**	(133)	-97%
Loss on abandonment	**(6)**	(41)	-85%	**(79)**	(43)	84%
Insurance recovery – property damage	**1,325**	-	-	**4,024**	-	-
Net income (loss)	**$2,531**	$82	2987%	**($111)**	($58)	-91%

(1) *North Dakota operations do not recognise volumes, revenues and expenses for the Watford SWD from the date of the fire.*

(2) *Refer to "Non-GAAP Measures" in the Company's accompanying Management's Discussion of Financial Results the year ended December 31, 2018 for additional information.*

Q3 2019 EBITDA of $2,048,000 was a major improvement in White Owl's financial results as each of the North Dakota facilities recorded increased fluid disposal and oil sales volumes. Importantly, Q3 2019 was a breakthrough quarter for the Corporation's new Alexander Class 1 Facility which contributed operating income of $324,000 in Q3 2019 in response to a successful marketing program for this new business line over the first half of 2019.

This Q3 2019 EBITDA of $2,048,000 significantly surpasses the $957,000 EBITDA recorded for the first six months of the year which was impacted by unusual expense items totaling $902,000 and described below on this page.

Combined total revenue (North Dakota and Alberta) for the three months ended September 30, 2019 increased by 6% to $4,775,000 from $4,516,000 in Q3 2018 and does not include Q3 2019 Watford City business interruption insurance recoveries of $588,000 which are recorded as a separate line item below operating income. Combined operating costs increased by 11% for the three months ended September 30, 2019 mainly due to the inclusion of operating costs relating to the Alexander and Epping facilities which were commissioned in late 2018.

For the nine months ended September 30, 2019, combined total revenue (North Dakota and Alberta) decreased by 4% to $11,654,000 from $12,197,000 in the same period in 2018 and does not include Watford City business interruption insurance recoveries of $1,913,000 for the nine months ended September 30, 2019, which are recorded as a separate line item below operating income and included in EBITDA and net income. Combined operating costs increased by 22% for the nine months ended September 30, 2019 compared to the same period in 2018 mainly due to Alexander and Epping operating costs included in 2019 results and due to unusual expenses totalling $902,000 which were recorded in the first six months of 2019. These unusual expenses comprise $485,000 for insurance deductibles relating to the Watford City fire and the Clairmont pipeline leak, $193,000 for clean-out of the tanks at the Ross SWD Facility in North Dakota (a one in approximately two to three year event), $131,000 for a well workover at the Epping SWD Facility, and $93,000 for commissioning of the newly-constructed Alexander and Epping facilities. As a result, EBITDA decreased by 7% to $3,005,000 for the nine months ended September 30, 2019 from $3,239,000 for the nine months ended September 30, 2018.

North Dakota

For the three months ended September 30, 2019, oil sales volumes increased 60% to 15,982 barrels from 9,977 barrels in Q3 2018, while oil sales revenues increased 26% to $976,000 in Q3 2019 versus Q3 2018, more than offsetting lower realized oil prices. Increased producer drilling and completion activity in the region led to a 109% increase in oil sales volumes at the Ross SWD Facility to 6,070 barrels and an 81% increase at the New Town SWD Facility to 8,852 barrels in Q3 2019 versus Q3 2018. For the nine months ended September 30, 2019, oil volumes sold increased 3% to 35,722 barrels from 34,545 barrels in the comparable period of 2018.

For the three and nine months ended September 30, 2019, production water (trucked and piped) volumes disposed decreased by 5% and 16%, respectively, as the North Dakota disposal volumes and oil sales volumes do not recognise volumes for the Watford City SWD Facility. To compensate for the lost revenues from Watford City, the Corporation received $588,0000 and $1,913,000 in business interruption insurance recoveries in the three and nine months ended September 30, 2019, which amounts are shown as a separate line-item below operating income in the above table.

For the three months ended September 30, 2019, North Dakota total revenue increased by 13% to $4,331,000 from $3,848,000 in Q3 2018, as the recently constructed Alexander and Epping Facilities contributed revenue of $535,000 and $226,000, respectively, in Q3 2019 versus nil and $8,000, respectively, in Q3 2018. Fluid disposal revenues increased 15% to $3,251,000 in Q3 2019 from $2,823,000 in Q3 2018 even with the exclusion of Watford City revenues (compensated for by business interruption insurance recoveries). The Corporation also benefited from higher fluid disposal revenue per barrel (up 22%) due to price increases introduced in Q4 2018. Oil revenues increased 26% in Q3 2019 as discussed above.

For the nine months ended September 30, 2019, total North Dakota revenue remained flat at $10,201,000 compared to $10,178,000 in the previous year comparable period. In addition, for the nine months ended September 30, 2019, the Company recovered $1,913,000 for Watford City under its business interruption insurance program as previously mentioned. Other revenue increased to $369,000 for the nine months ended September 30, 2019 compared to $274,000 for the nine months ended September 30, 2018 due to administrative fees received for managing the Epping Joint Venture.

For the three and nine months ended September 30, 2019, North Dakota operating income decreased 4% to $1,969,000 and 40% to $3,053,000 respectively, compared to the comparable 2018 periods. The decrease is mainly due to the absence of Watford City operating income from the current three and nine month periods for which the Company has received compensation. Inclusion of the Watford City business interruption recoveries (shown below operating income) would result in Q3 2019 operating income increasing 24% versus Q3 2018, while the year to September 30, 2019 operating income would decrease by 2% compared to the same period in 2018.

Operating costs increased by 32% to $2,362,000 and by 40% to $7,148,000 for the three and nine months ended September 30, 2019 mainly due to operating costs attributable to the Alexander and Epping Facilities which were commissioned in Q4 2018 and due to the aforementioned unusual expenses of $902,000 recorded in 1H2019, as previously described.

Please see "Operating Locations" on page 5 of this Shareholder Letter for details of volumes and operating income by facility.

Alberta

In Alberta, the Company's Clairmont Facility generates revenues from emulsion processing, oil blending and water disposal (collectively, "disposal and third-party processing"). For the three and nine months ended September 30, 2019, disposal and third-party processing revenues increased by 30% to $444,000 and 20% to $1,354,000, respectively, compared to the same periods in 2018 in response to higher sales volumes.

The Company's associated oil and gas wells in the Clairmont area were permanently shut-in in February 2019 following a pipeline leak which has now been repaired and the contaminated soil fully remediated. As a result, the Company's Alberta oil and gas sales revenue decreased by 89% for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018.

For the three and nine months ended September 30, 2019, total revenue (ie, disposal and third-party processing plus oil and gas) from operations at Clairmont decreased to $444,000 and $1,453,000, respectively, compared to $668,000 and $2,019,000, respectively, in 2018. Because the oilfield was shut-in in February 2019, total operating costs decreased by 44% to $374,000 and 23% to $1,646,000 for the three and nine months ended September 30, 2019, respectively, compared to the previous year comparable periods. As a result, Alberta operating income totaled $70,000 for Q3 2019 compared to $4,000 in Q3 2018. For the nine months ended September 30, 2019, Alberta operations resulted in an operating loss of $193,000 compared to an operating loss of $107,000 for the same period in 2018 due to continuing fixed cooperating costs associated with the shut-in oilfield.

Until such time as the planned reconfiguration, upgrade and expansion program of the facility is complete, Clairmont operations are not expected to contribute significantly to the Company's operating income. Activities are now focused on maximizing the water disposal market and capability of the plant and reducing fixed costs associated with the shut-in oilfield.

OPERATING LOCATIONS (dollar amounts in USD except Clairmont):

New Town

New Town Facility (amounts in USD except volumes)

		Q3 2019	Q3 2018	*Change*	YTD 2019	YTD 2018	*Change*
Production Water	b/d	15,141	12,485	*21%*	15,349	13,090	*17%*
Flowback	b/d	551	1,991	*-72%*	742	1,545	*-52%*
Total Fluids Disposed	b/d	15,692	13,336	*18%*	16,091	14,636	*10%*
Oil Sales	b/qtr	8,852	4,879	*81%*	20,953	14,686	*43%*
Revenue							
Production Water		$778,028	$610,699	*27%*	$2,325,995	$1,787,823	*30%*
Price for Production Water/bbl		0.56	0.53	*5%*	0.56	0.50	*11%*
Flowback		124,134	215,081	*-42%*	328,545	420,794	*-22%*
Price for Flowback/bbl		2.45	1.17	*108%*	1.62	1.00	*63%*
Recovered Oil		410,320	291,524	*41%*	992,670	825,890	*20%*
Price for Oil/bbl		46.35	59.75	*-22%*	$47.38	$56.24	*-16%*
Total Revenue		**1,312,482**	**1,117,304**	***17%***	**3,647,210**	**3,034,507**	***20%***
Total Revenue/bbl.		0.91	0.91	*0%*	0.83	0.76	*9%*
Operating Expenses		**640,998**	571,116	***12%***	1,902,421	1,737,170	***10%***
Operating Income		**$671,485**	**$546,188**	***23%***	**$1,744,789**	**$1,297,337**	***34%***

For the three months ended September 30, 2019, operating income for New Town increased 23% to $671,485 from $546,188 in Q3 2018 due to higher total fluids disposed (up 18% to 15,692 barrels per day) and higher recovered oil volume sales (up 81%), which more than offset lower realized oil prices (down 22%). For the nine months ended September 30, 2019, operating income increased 34% to $1,744,789 from $1,297,337 in the previous year comparable period as total fluids disposed and oil volumes sold increased 10% and 43%, respectively.

In Q3 2019, total revenue at New Town increased 17% to $1,312,482 from $1,117,304 in Q3 2018 as increased revenues from production water (up 27%) and recovered oil (up 41%) more than offset lower revenues from flowback volumes sales and lower realized oil prices. Flowback revenues decreased 42% as a 72% decrease in volumes was partially offset by a 108% increase in flowback revenue per barrel. The higher flowback price per barrel is attributable to extremely wet weather conditions during September 2019, which resulted in fresh water from operators' well pad leases being included in flowback volumes and for which we were able to charge a higher disposal fee. Importantly, oil volumes sold increased 81% to 8,852 barrels in Q3 2019 compared to Q3 2018 resulting in revenues totaling $410,230, an increase of 41% over Q3 2018 to more than offset a 22% decrease in the realized oil price. Operating costs increased 12% in Q3 2019 compared to Q3 2018 mainly due to the 18% increase in fluid volumes disposed.

For the nine months ended September 30, 2019, total fluids disposed increased 10% while oil sales volumes increased 43%, which more than offset a 16% decrease in the realized oil price, compared to the same period in 2018. The higher sales volumes combined with increased prices per barrel for fluids (production water and flowback), resulted in a 20% increase in New Town revenue to $3,647,210 for the nine months ended September 30, 2019 compared to $3,034,507 in the nine months ended September 30, 2018. Operating costs increased 10% for the nine months ended September 30, 2019 compared to the same period in 2018 matching the 10% increase in fluid volumes disposed.

Watford City

The Watford City SWD Facility has been rebuilt after the fire on January 17, 2019 with successful commissioning completed on October 21, 2019. Within a week of commissioning, fluid disposal volumes have increased to near-capacity levels.

The Company carries property insurance to cover the cost of rebuilding the facility as well as business interruption insurance for the loss of income over the reconstruction period. For the three and nine months ended September 30, 2019, the Company recorded business interruption insurance recovery amounts of $588,000 and $1,913,000, respectively, which amounts are recorded as a separate line item below operating income and included in earnings.

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Ross

Ross Facility (amounts in USD except volumes)

		Q3 2019	Q3 2018	Change	YTD 2019	YTD 2018	Change
Production Water	b/d	11,137	4,131	*170%*	6,716	4,252	*58%*
Flowback	b/d	2,096	2,241	*-6%*	1,280	1,264	*1%*
Total Fluids Disposed	b/d	13,232	6,372	*108%*	7,996	5,516	*45%*
Oil Sales	b/qtr	6,070	2,900	*109%*	10,811	12,085	*-11%*
Revenue							
Production Water		$512,291	$184,757	*177%*	$916,788	$575,193	*59%*
Price for Production Water/bbl		0.50	0.49	*3%*	0.50	0.50	*1%*
Flowback		238,966	193,443	*24%*	395,578	338,596	*17%*
Price for Flowback/bbl		1.24	0.94	*32%*	1.13	0.98	*15%*
Recovered Oil		280,260	171,884	*63%*	511,593	669,047	*-24%*
Price for Oil/bbl		46.17	59.27	*-22%*	$47.32	$55.36	*-15%*
Total Revenue		**1,031,517**	**550,084**	***88%***	**1,823,959**	**1,582,836**	***15%***
Total Revenue/bbl.		0.85	0.94	*-10%*	0.84	1.05	*-21%*
Operating Expenses		**528,247**	**214,098**	***147%***	1,209,658	641,840	***88%***
Operating Income		**$503,269**	**$335,986**	***50%***	**$614,301**	**$940,996**	***-35%***

For the three months ended September 30, 2019, operating income for Ross increased 50% to $503,269 from $335,986 in Q3 2018 due to higher total fluids disposed (up 108%), higher recovered oil volume sales (up 109%) and due to higher revenue per barrel for flowback (up 32%), which more than offset lower realized oil prices (down 22%).

For the three months ended September 30, 2019, total fluids disposed by the Ross Facility increased 108% to 13,232 barrels per day compared to 6,372 barrels per day in Q3 2018, with production water up 170%, while flowback volumes decreased 6%. The significantly increased fluids disposal and oil sales volumes is due to the ramp-up of drilling and completion activity by three area producers since mid-Q2 2019.

Q3 2019 recovered oil sale volumes increased 109% to 6,070 barrels sold in the quarter compared to 2,900 barrels in Q3 2018. The increased disposal fluid and oil volumes sold resulted in Q3 2019 total revenue increasing 88% to $1,031,517 from $550,084 in Q3 2018.

The increased operating costs in Q3 2019 are due to installation and rental costs incurred to install a temporary pump, in order to increase injection capacity by approximately 5,000 barrels per day. Since the new pump was installed, fluid volumes disposed at Ross have increased by approximately 30% to 40% since late Q3 2019.

For the nine months ended September 30, 2019, total revenues at Ross increased 15% to $1,823,959 from $1,582,836 for the nine months ended September 30, 2018 as total fuids disposed increased 45% to 7,996 barrels per day which more than offset a 11% decrease in recovered oil volumes sold in the period. Recovered oil revenues for the nine months ended September 30, 2019 decreased 24% to $511,593 due to the 11% sales volume decrease and a 15% decrease in the realized oil price. In addition, for the nine months ended September 30, 2019, operating costs increased 88% mainly due to tank clean out costs of $193,000 in Q1 2019 as well as installation and rental costs incurred to install the temporary pump in Q3 2019 as described above. As a result, operating income decreased 35% to $614,301 for the nine months ended September 30, 2019 compared to $940,996 for the previous year comparable period.

Tioga SWD JV

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

		Q3 2019	Q3 2018	Change	YTD 2019	YTD 2018	Change
Production Water-Trucked	b/d	4,020	10,607	-62%	6,136	9,169	-33%
Production Water-Piped	b/d	11,728	4,272	175%	9,227	4,744	95%
Flowback	b/d	76	143	-47%	117	66	78%
Total Fluids Disposed	b/d	15,825	15,022	5%	15,480	13,978	11%
Oil Sales	b/qtr	1,561	1,785	-13%	5,304	6,903	-23%
Revenue							
Production Water - Trucked		$71,015	$156,136	-55%	$321,600	$400,423	-20%
Price for Prodn. Water-Trucked/bbl		0.60	0.50	20%	0.60	0.50	20%
Production Water - Piped		179,543	94,327	90%	420,645	310,818	35%
Price for Prodn. Water Piped/bbl		0.52	0.71	-27%	0.52	0.75	-30%
Flowback		6,993	4,220	66%	19,766	5,732	245%
Price for Flowback/bbl		3.12	1.00	212%	1.93	1.00	93%
Recovered Oil		23,547	34,013	-31%	79,029	122,281	-35%
Price for Oil/bbl		47.14	59.55	-21%	$46.56	$55.36	-16%
Total Revenue		**281,098**	**288,695**	**-3%**	**841,041**	**839,255**	**0%**
Total Revenue/bbl.		0.60	0.65	-8%	$0.62	$0.69	-10%
Operating Expenses		**159,219**	**146,240**	**9%**	465,962	402,782	**16%**
Operating Income		**$121,880**	**$142,455**	**-14%**	**$375,080**	**$436,474**	**-14%**

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

For the three and nine months ended September 30, 2019, the Tioga SWD Facility has been operating at near its capacity of 16,000 barrels per day with total fluids disposed up 5% to 15,825 barrels per day and up 11% to 15,480 barrels per day, respectively, compared to the three and nine months ended September 30, 2018. Production water received by pipeline has increased by 175% and 95% for the three and nine months ended September 30, 2019, respectively, displacing trucked production water, as the producer who owns the pipeline has been sending more water to the facility. Since the oil content in pipeline production water is lower than in trucked-in production water, oil volumes sold have decreased by 13% and 23% for the three and nine months ended September 30, 2019, respectively, compared to the same periods in 2018.

The increase in total fluids disposed combined with 20% higher pricing for trucked-in production water has been offset by a decrease in the price for pipeline production water and lower oil sales volumes to result in total revenues for White Owl's 32% working interest remaining relatively flat at $281,098 and $841,041 for the three and nine months ended September 30, 2019, respectively. The decrease in the price per barrel for pipeline production water is contract-based whereby the original price included a capital recovery component which resulted in an above-market price until a specific volume of pipeline production water was disposed. This volume was reached in Q1 2019 which then resulted in the price returning to a market-rate. Operating costs for the three and nine months ended September 30, 2019, increased 9% and 16%, respectively, mainly due to higher variable costs from the increased volumes, increased rates for utilities, and higher chemical and equipment repair costs. For the three months ended September 30, 2019, operating income decreased 14% to $121,880 from $142,455 in Q3 2018, while for the nine months ended September 30, 2109, operating income also decreased 14% to $375,080 compared to $436,074 for the nine months ended September 30, 2018.

Epping SWD JV

Epping (Volumes 100%; Dollar amounts at 32.5% Working Interest in USD)

		Q3 2019	Q3 2018	YTD 2019	YTD 2018
Production Water-Trucked	b/d	2,879	0	3,802	0
Production Water-Piped	b/d	4,126	324	2,695	109
Flowback	b/d	256	0	278	0
Total Fluids Disposed	b/d	7,260	324	6,775	109
Oil Sales	b/qtr	1,723	0	6,309	0
Revenue					
Production Water-Trucked		$51,650	$0	$202,378	$0
Price for Production Water/bbl		0.60	0.00	0.60	0.00
Production Water-Piped		80,181	6,327	155,453	6,327
Price for Production Water/bbl		0.65	0.65	0.65	0.65
Flowback		13,176	0	42,188	0
Price for Flowback/bbl		1.72	0.00	1.71	0.00
Recovered Oil		25,753	0	97,231	0
Price for Oil/bbl		46.00	0.00	47.42	0.00
Total Revenue		**170,759**	**6,327**	**497,250**	**6,327**
Total Revenue/bbl.		0.79	0.65	$0.83	$0.66
Operating Expenses		**117,136**	**16,171**	509,955	16,171
Operating Income		**$53,623**	**($9,844)**	**(12,704)**	**(9,844)**

The Epping SWD Facility was constructed in 2018 and began accepting piped-in water disposal volumes through temporary pump facilities in September of 2018. Therefore, there are no material year-to-date 2018 comparative numbers for volumes, revenues and expenses. White Owl has a 32.5% working interest in the Epping SWD Joint Venture ("Epping JV"). The discussion below is based on total volumes for the facility while the financial information represents White Owl's 32.5% interest in the Epping JV.

In Q3 2019, the Epping SWD Facility contributed revenue of $170,759 and operating income of $53,623. For the nine months ended September 30, 2019, operating costs include well workover costs totaling $99,000 in Q2 2019 and anticipated commissioning costs during the start-up phase in Q1 2019. As a result, this facility incurred an operating loss of $12,704 for the nine months ended September 30, 2019.

The main area producer is very active and is requesting the addition of a second well at the Epping location which is expected to improve the financial performance of this investment. The second well is currently in the permitting stage and its development is subject to receipt of the permit and to financing.

Alexander Class 1 Facility

Alexander Facility (Amounts in USD Except Volumes)

		Q3 2019	Q3 2018	YTD 2019	YTD 2018
Class 1 Water - Trucked	b/d	823	0	336	0
Total Fluids Disposed	b/d	823	0	336	0
Class 1 Water	b/qtr	75,701	0	91,729	0
Revenue					
Class 1 Water		$405,720	$0	$461,646	$0
Price for Class 1 Water		5.36	0.00	5.03	0.00
Total Revenue		**405,720**	**0**	**461,646**	**0**
Operating Expenses		**160,473**	**7,837**	502,381	23,371
Operating Income		**$245,247**	**($7,837)**	**(40,735)**	**(23,371)**

In Q3 2019, the Alexander Class 1 Facility contributed revenue of $405,720 and operating income of $245,247, a breakthrough quarter for this facility which commenced operations in late 2018. To recap, Alexander was converted from a suspended Class 2 SWD facility and was commissioned in November 2018. Class 1 disposal is a new business line for White Owl with a different customer base and a broader market than Class 2 disposal. After a strong marketing effort during the first half of 2019, customers are becoming aware of the service while regulators are beginning to move to enforce the regulations around Class 1 disposal. The Class 1 facility accepts industrial fluids (versus Class 2 disposal which is for oilfield fluids only) including pipeline test water, refinery wastewater, landfill leachate, oil terminal runoff, vacuum truck rinsate, gas plant cooling tower cleaning waste, waste compressor fluids, pipeline pit waste water and pesticide rinsate. White Owl will continue to develop this market for Class 1 disposal services. For the nine months ended September 30, 2019, low revenues in the first six months of the year as we established a customer base combined with high commissioning costs related to receiving fresh-water fluids during the winter months resulted in an operating loss of $40,735 for the period.

Canada - Clairmont Processing and Disposal Plant

The Clairmont water disposal and third-party processing facility generated revenue of $444,000 in Q3 2019, an increase of 30% from $341,000 in Q3 2018, as disposal and third-party processing volumes increased 16% and revenue per barrel increased 14%. Q3 2019 operating income for the water disposal and third-party processing facility increased five-fold to $172,000 compared to $32,000 in Q3 2018.

The associated oilfield was permanently shut-in in February 2019 due to the risk of gathering line leaks and therefore there are no longer any producing oil wells at Clairmont. As a result, oil and gas production revenues were nil in Q3 2019 and decreased to $99,000 for the nine months ended September 30, 2019 from $895,000 in the same period last year. The reduction in oil and gas revenue has been partially offset by a reduction in oil and gas operating costs. In Q3 2019, oil and gas operations incurred an operating loss of $102,000 compared to an operating loss of $28,000 in Q3 2018.

Total Clairmont operating income (disposal and third-party processing plus oil and gas production) for the three months ended September 30, 2019 and 2018 is $70,000 and $4,000, respectively. For the nine months ended September 30, 2019, Clairmont incurred an operating loss of $193,000 compared to an operating loss of $107,000 in the same period last year.

To date, minor improvements have been made to metering to allow third party dry oil and emulsion truck offloads and third-party water disposal. In 2019, activities have been focused on maximizing the water disposal market and capability of the plant and reducing fixed costs associated with the shut-in oilfield.

DEVELOPMENT LOCATIONS

Blue Buttes: A permit application has been received from the North Dakota Industrial Commission for the Blue Buttes SWD. The plant site is located on the western edge of the Berthold Reservation directly off the BIA 4 county road and in the middle of the Tier 1 acreage in the Antelope field. Oil companies and truckers operating in the area have expressed a strong interest in having access to this highly strategic disposal location as soon as possible. The timing for development of this facility is subject to the availability of capital but management is targeting a December 2020 startup date.

Additional Disposal Wells: The New Town, Tioga and Epping facilities are all operating at maximum disposal capacity and with the need for disposal in these areas increasing, second disposal wells are needed at all locations. Watford City also needs a second disposal well as it operates at close to capacity. Permitting for a second disposal well at New Town and Tioga has been completed, and second disposal wells at Watford City and Epping are in the permitting process. The timing for development of the Tioga and Epping second wells is subject to the availability of capital but management is targeting a July 2020 startup date for each well.

OPERATIONAL UPDATE

The third quarter of 2019 was a very strong one, highlighted by the following:

- The Watford City SWD facility has been rebuilt with successful commissioning completed on October 21, 2019. Within a week of commissioning, fluid disposal volumes have increased to near-capacity levels.
- The Corporation's North Dakota facilities operated at close to full capacity in response to strong oil and natural gas drilling and completion activity in the region.
- Q3 2019 was a breakthrough quarter for the Corporation's new Alexander Class 1 Facility as it contributed operating income of $324,000 in response to a successful marketing program.
- The installation of a temporary rental pump at the Ross SWD Facility during Q3 2019 has increased fluid volumes disposed by 30% to 40%.

As the above summary shows, Q3 2019 was a record quarter for the Company which resulted from a general improvement in market conditions in all markets. Completion activity was strong in North Dakota resulting in increased flow back and produced water volumes with an associated increase in oil sales while the recently commissioned Alexander Class 1 facility started generating positive income. In Alberta, the Clairmont facility is now receiving more consistent volumes of oil for treating and water for disposal resulting in improved operating performance. Q4 2019 has started off strongly although we do expect a softening of business towards the end of the year and into Q1 2020 which has been the pattern over the past three years.

In terms of improvements planned for the operating locations, there are several projects that will increase plant capacity and these developments will proceed as resources become available. At Tioga, White Owl intends to increase its ownership from a 32% interest to a 47% interest in the plant through the exercise of its right to purchase a 15% interest from the White Owl Tioga LLC for US$750,000. Also at Tioga, the Company and its partners plan to increase plant capacity from 15,000 barrels of water per day to 25,000 barrels per day by drilling a second well or increasing the plant pump capacity. Engineering is ongoing for this project. At Epping, White Owl and its partner plan to drill a second well during Q2 2020 to meet customer requirements for more capacity at the plant. The first disposal well operates at a maximum capacity of 8,000 barrels of water per day which is insufficient for the local trucked and pipeline demand. At Ross the plant capacity was increased to 17,000 barrels of water per day through the addition of a rental pump and in Q3 2020 this pump will be replaced with a permanent pump and filter installation. The New Town plant was an early acquisition by White Owl and the plant design is inadequate for the volumes being handled on a daily basis. The tank farm is poorly configured and needs to be re-engineered while the pump skids need to be replaced with more reliable horizontal pumps. A second well has also been permitted for the plant. At Watford City we have a new plant following reconstruction after the fire, however market demand in the area is strong and a second well is being permitted. At Clairmont in Alberta, water disposal volumes are limited by well capacity and one or more new disposal wells are required to meet local demand. There are also plans to continue the well abandonment program for the suspended oil wells with the aim of reducing the long term abandonment liability at Clairmont.

All of these projects with the exception of the Tioga 15% purchase and the thoughput expansion, will proceed only once resources become available. Capital has recently been raised to fund the Tioga expansion.

CORPORATE MATTERS

As mentioned in the Q2 Report to Our Shareholders, the directors have called an Annual and Special Meeting of Shareholders for December 17, 2019. This meeting will deal with annual meeting matters and matters related to a requisition by certain dissident shareholders to make changes to the Company's board of directors. A Mangement Information Circular and Instrument of Proxy in respect of this meeting will be mailed to shareholders by November 25, 2019.

We recently announced our intention to raise new equity capital through a non-brokered private placement offering of up to 40,000,000 common shares at a price of $0.10 per share. The first closing of the offering raised $1,765,000 of capital and closed on November 13, 2019 with the net proceeds to be allocated towards the purchase of an additional 15% working interest in the Tioga plant and towards funding the planned capacity expansion of Tioga.

White Owl's term debt position continues to improve with the outstanding balance at US$8,284,623 at December 31, 2019 down from US10,797,694 at December 31,2018. On the current amortisation schedule, this amount will be reduced to US$6,836,893 by December 31, 2020.

OUTLOOK

Business remains strong in North Dakota and with the Watford City SWD now fully operational, gross disposal volumes company-wide are running at over 60,000 barrels of water per day. We are expecting business to soften a little over the winter months but forecast activity in North Dakota by our primary customers for 2020 leads us to believe that 2020 will be another strong year. Business at Clairmont in Alberta remains steady, however the forecast for 2020 is a difficult one to make due to macro-market conditions including lack of pipelines and the inability of our Alberta customers to access new capital for their programs. Our primary business focus therefore for 2020 is to improve profitability in North Dakota through a series of plant expansions and small improvements as discussed above.

For the North Dakota market, "Oil and Gas Shale Market Analysis and Outlook to 2023", states that in 2018, the major counties for crude oil and natural gas production in Bakken shale play in the US were McKenzie, Williams, Mountrail, and Dunn, all located in North Dakota. Continental Resources, Hess, Whiting Petroleum, ExxonMobil, and ConocoPhillips were the leading producers in the Bakken shale play in 2018. White Owl has facilities in all of these markets with the exception of Dunn County. The report also identifies that there is considerable potential to raise the crude oil production in the Bakken shale play from the current level of approximately 1.44 million barrels of oil per day (mmbd) in Q3 2019 to at least 2 mmbd. However, flaring regulations and infrastructure bottlenecks in North Dakota are limiting production growth.

However, to some extent, the actual potential of the Bakken play is not getting realized due to restrictions on the flaring of natural gas in North Dakota, as most of this flared gas is associated with oil-producing wells in the Bakken formation. As long as gas infrastructure in the region does not expand, the pace of drilling new wells will be constrained and oil production from the Bakken will remain flat or grow at a low rate. The Bakken rig count in November 2019 is 54, down from over 60 during the active summer months.

White Owl's customers are among the major independent oil and gas companies in North America and these companies tend to follow a longer term business plan with drilling activity remaing fairly stable throughout industry cycles. As a result our forecast for 2020 financial performance is based on plant activity remaing steady through the coming year on the assumption that the rig count remains in the 50-60 range for the year.

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.