November 21, 2024

REPORT TO OUR SHAREHOLDERS

To Our Shareholders,

We are pleased to provide you with the Consolidated Interim Financial Statements and Management's Discussion of Financial Results of White Owl Energy Services Inc. ("White Owl" or "the Corporation" or "the Company") for the three months and nine months ended September 30, 2024.

THIRD QUARTER AND YEAR TO DATE SEPTEMBER 30, 2024, HIGHLIGHTS

Highlights for the three and nine months ended September 30, 2024, are summarized as follows:

- EBITDA from continuing operations for the nine months ended September 30, 2024, is $5,476,000, up 11% from $4,949,000 for the nine months ended September 30, 2023, mainly due to recovered oil volumes increasing to 66,827 barrels for the current nine-month period from 60,237 barrels for the 2023 comparable period.
- Q3 2024 EBITDA from continuing operations is $1,675,000 compared to $1,884,000 for Q3 2023.
- The Corporation's outstanding bank loan balance is $2,587,075 (US$2,001,078) as at September 30, 2024 (before transaction costs), down 34% from $3,919,575 (US$2,963,538) as at December 31, 2023.
- The Corporation's cash and cash equivalents is $2,866,547 (US$2,123,525) as of September 30, 2024.
- The Corporation maintains a trailing twelve-month net debt to EBITDA ratio which improved to 0.00:1.00 as of September 30, 2024, from 0.33:1.00 as of December 31, 2023.
- The net operating income margin from continuing operations improved to 47% for the current nine-month period versus 44% for the comparable 2023 period and 42% for the year ended 2023.
- Total revenue increased to $15,335,000 for the nine months ended September 30, 2024, from $14,989,000 for 2023 comparable period, mainly due to oil revenue increasing 6% to $5,935,000 from $5,586,000. Total revenue for Q3 2024 decreased 15% to $4,962,000 from $5,834,000 for Q3 2023, mainly due to oil revenue decreasing 21% to $1,740,000 from $2,209,000, as well as the temporary shut-down of the Alexander facility since mid-August for well maintenance. The Alexander facility resumed operations on October 4, 2024, after the successful completion of a well workover. *Please see* **Alexander Class 1 Facility** *on Page 13*.

- Operating costs and royalties per barrel decreased 16% to $0.69 for Q3 2024 from $0.82 for Q3 2023, mainly because the prior year quarter included well workover costs of $0.08 per barrel for the New Town Saltwater Disposal ("SWD") facility. Operating costs and royalties decreased to $0.73 per barrel (or $8,063,000) for the nine months ended September 30, 2024, from $0.75 per barrel (or $8,390,000) for the comparable 2023 period.

- Killdeer is a very active area with 12 drilling rigs currently operating within ten miles of the SWD facility. As a result, White Owl is anticipating disposal volumes to increase in 2025 once the investment in capital and maintenance previously deferred by the former owners is completed. White Owl is also making upgrades to improve truck offload times. The well was temporarily shut-in in mid-August for unforeseen repairs with a net cost to White Owl of approximately US$125,000. The well resumed injection on October 24, 2024. *(Please see* "**Killdeer JV SWD Facility**" *on Page 17 for more information).*

- Capital expenditures for the three and nine months ended September 30, 2024, totaled $1,005,000 and $1,968,000, respectively. The year-to-date capital expenditures include $738,000 and $727,000 for the Ross SWD and New Town SWD injection system upgrades, respectively, $170,000 for additions to spare parts inventory, $150,000 for additions to field truck and bobcat equipment and $59,000 for installation of sump pumps at the Epping SWD facility. The Ross SWD and New Town SWD upgrades involved the purchase and installation of permanent 800-hp horizontal pumps to replace the 600-hp rental pumps.

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FINANCIAL AND OPERATIONAL HIGHLIGHTS

($000's, unless otherwise noted)	Three months ended September 30[1], 2024	2023	%	Nine months ended September 30[1], 2024	2023	%
Continuing operations						
North Dakota operations						
Disposal volumes (Bbls)	**3,782,181**	4,099,450	-8%	**11,036,472**	11,257,037	-2%
Recovered oil sales volumes (Bbls)	**20,083**	22,524	-11%	**66,827**	60,237	11%
Disposal revenue ($ per Bbl)	**$0.80**	$0.85	-7%	**$0.81**	$0.81	0%
Oil sales revenue ($ per Bbl)	**$86.64**	$98.06	-12%	**$88.82**	$92.73	-4%
Operating costs and royalties ($ per Bbl)	**$0.69**	$0.82	-16%	**$0.73**	$0.75	-2%
North Dakota disposal and services revenue						
Disposal revenue	**$3,018**	$3,500	-14%	**$8,970**	$9,088	-1%
Oil sales revenue	**1,740**	2,209	-21%	**5,935**	5,586	6%
Other revenue	**204**	125	63%	**430**	315	37%
Total revenue – North Dakota continuing operations	**4,962**	5,834	-15%	**15,335**	14,989	2%
Operating costs	**(2,619)**	(3,376)	-22%	**(8,063)**	(8,390)	-4%
Operating income[1] – North Dakota continuing operations	**2,343**	$2,458	-5%	**7,272**	$6,599	10%
General and administrative expenses ("G&A")	**(668)**	(574)	16%	**(1,777)**	(1,650)	8%
Bad debt expense	**-**	-	-	**(19)**	-	100%
EBITDA [1] continuing operations	**$1,675**	$1,884	-11%	**$5,476**	$4,949	11%
Other income and expenses						
Depreciation	**(617)**	(490)	26%	**(1,686)**	(1,440)	17%
Amortization	**(16)**	(16)	-	**(48)**	(48)	-
Finance costs	**(152)**	(302)	-50%	**(511)**	(841)	-39%
Share-based payments	**(2)**	(9)	-78%	**(13)**	(41)	-68%
Bargain purchase gain	**-**	-	-	**750**	-	100%
Loss on disposition of joint operation interest	**-**	-	-	**(375)**	-	100%
Foreign exchange gain (losses)	**310**	(401)	-177%	**(390)**	(66)	491%
Gain (loss) on disposal of property, plant and equipment - net	**20**	-	100%	**20**	9	122%
Gain on loan payable forgiveness	**-**	20	-100%	**-**	20	-100%
Income tax expense	**(2)**	(1)	100%	**(8)**	(7)	14%
Net income from continuing operations	**$1,216**	$685	78%	**$3,215**	$2,535	27%
Income from discontinued operation	**-**	-	-	**-**	502	-100%
Net income	**$1,216**	$685	78%	**$3,215**	$3,037	6%

(1) Refer to "Non-GAAP Measures" on Page 25 for additional information.

EBITDA from continuing operations for the nine months ended September 30, 2024, increased 11% to $5,476,000 from $4,949,000 for the comparable 2023 period, mainly due to stronger recovered oil volumes which increased 11% to 66,827 barrels from 60,237 barrels between the periods. As a result, oil sales increased 6% to $5,935,000 for the nine months ended September 30, 2024, from $5,586,000 for nine months ended September 30, 2023, despite the netback oil price decreasing 4%. The increase in oil sales resulted in an improved net operating income margin of 47% for the current nine-month period versus 44% for the comparable 2023 period and 42% for the 2023 year.

Q3 2024 EBITDA from continuing operations decreased 11% to $1,675,000 from $1,884,000 for Q3 2023, mainly due to the temporary shut-down of the Alexander Class 1 ("Alexander") facility during August and September for a well workover. The facility resumed operations in October 2024.

With the disposition of the Corporation's Clairmont oil and gas assets in May 2023 and the Clairmont midstream assets in October 2022, the Corporation no longer conducts operations in Canada. As a result, the table above shows the discontinued Alberta operations separately from the continuing North Dakota operations.

North Dakota – Continuing Operations

Operating Income:

For the nine months ending September 30, 2024, operating income increased 10% to $7,272,000 from $6,599,000 for the comparable 2023 period as higher oil sales (up by $349,000 between the periods), and lower operating costs and royalties (down by $327,000) more than offset slightly lower disposal revenues (down by $118,000).

The New Town, Watford City and Epping SWD facilities recorded operating income increases of 65%, 111% and 31%, respectively, between the two nine-month periods. Operating income for the Ross SWD facility decreased 39% between the two nine-month periods due to decreased activity in the area. Operating income for the Tioga SWD facility was constant for the current nine-month period versus the 2023 comparable period, while operating income at Alexander decreased 60% due to well workover costs incurred in Q3 2024.

Q3 2024 operating income decreased 5% to $2,343,000 from $2,458,000 for Q3 2023 mainly due to lower oil sales and lower disposal revenue. Two of White Owl's facilities recorded significantly higher operating income for Q3 2024, with increases of 453% and 77% at the New Town and Watford City SWD facilities, respectively, compared to Q3 2023. There was no change in operating income for the Epping SWD facility, while decreases of 38% and 31% were recorded at the Ross and Tioga SWD facilities, respectively. Due to the well workover costs, the Alexander Class 1 facility recorded an operating loss of $157,000 for Q3 2024.

Volumes:

In 2024, oil and gas producers continue to be active across the North Dakota Bakken with the current rig count at 40 rigs, up from 33 rigs a year ago. The improved rig count and the related well completion activity led to stronger oil recovery for White Owl in 2024 compared to 2023. Recovered oil volumes increased 11% to 66,827 barrels for the nine months ended September 30, 2024, from 60,237 barrels for the 2023 comparable period. Significantly, oil volumes increased by 9,200 barrels at the Watford City facility for the nine months ended September 30, 2024, versus the 2023 comparable period due to very strong oil recoveries in the first quarter of 2024. This increase was partially offset by a decrease of 4,000 barrels at the Ross SWD facility between the two nine-month periods due to slow producer activity in the area in the second and third quarters.

Q3 2024 recovered oil volumes decreased 11% to 20,082 barrels from 22,524 barrels for Q3 2023, mainly due to lower disposal volumes and lower oil recovery at the Ross SWD facility.

Disposal volumes for the nine months ended September 30, 2024, averaged 40,239 bpd, slightly lower than the 41,234-bpd recorded in the comparable 2023 period. Q3 2024 disposal volumes increased by 7,000 bpd at the New Town SWD facility versus Q3 2023, mainly due to increased producer activity and the temporary shut-in of a neighboring SWD facility for maintenance. This increase was offset by a decrease of 7,600 bpd at the Ross SWD facility between the quarters due to the slowdown in producer activity in the area. Disposal volumes include trucked production and flowback water (New Town, Watford City, Ross, Tioga, Killdeer and Epping facilities), pipeline water (Watford City, Tioga, Killdeer and Epping facilities) as well as non-hazardous industrial water disposed of by the Alexander facility.

Non-hazardous industrial water disposed at the Alexander facility is included in total fluid disposal volumes mentioned above and decreased 25% to 74,550 barrels for the nine months ended September 30, 2024, from 97,541 barrels for the comparable 2023 nine-month period. The decrease is due to the temporary shut-down of the Alexander facility for the months of August and September 2024 to complete a workover on the well. The well returned to service in October. (*Please see* "**Alexander Class 1 Facility**" *on Page 13*).

Revenue and Pricing:

For the nine months ended September 30, 2024, total revenue increased 2% to $15,335,000 from $14,989,000 for the nine months ended September 30, 2023, mainly due to oil sales increasing 6% to $5,935,000 from $5,586,000. Disposal revenue remained relatively flat at $8,970,000 for the current nine-month period compared to $9,088,000 for the comparable nine-month period, matching the relatively consistent disposal volumes between the periods. Disposal pricing averaged $0.81 per barrel, unchanged from 2023.

Total revenue for Q3 2024 decreased 15% to $4,962,000 from $5,834,000 for Q3 2023, mainly due to oil sales decreasing 21% to $1,740,000 from $2,209,000. The decrease is due to the 11% decrease in oil sales, a 12% decrease in the net oil price between the two quarters and no revenue from Alexander during the 2-month shutdown of the Class 1 business.

Recovered oil sales continue to be a material component of revenues and accounted for 35% and 39% of total revenue for the three and nine months ended September 30, 2024, respectively, versus 38% and 37%, respectively, for the comparable 2023 periods.

The Corporation's netback oil price decreased 12% to US$63.92 per barrel for Q3 2024 from US$73.01 per barrel for Q3 2023. For the nine months ended September 30, 2024, the Corporation's netback oil price decreased 5% to US$65.45 from US$68.89 for the 2023 comparable period. White Owl's netback oil price is determined as WTI less deductions for trucking costs, taxes and plus or minus a Bakken differential. This differential turned negative in October 2023 for the first time since January 2022, resulting in a negative differential for Q3 2024 of US$3.02 per barrel compared to a positive differential of US$0.81 per barrel for Q3 2023.

Other revenue which includes overhead recoveries for management of joint venture operations and interest earned on cash deposits, increased 63% to $204,000 for Q3 2024 from $125,000 for Q3 2023 mainly due to overhead recovery fees for management of the Killdeer joint venture, of which White Owl became the operator effective June 1, 2024. *(Please see Page 17 for more information on the **Killdeer SWD JV Facility**)*.

For the nine months ended September 30, 2024, other revenue increased 37% to $430,000 from $315,000 for the 2023 comparable period mainly due to the addition of Killdeer.

Operating Costs and Royalties:

For Q3 2024, operating costs and royalties per barrel decreased 16% to $0.69 from $0.82 for Q3 2023, mainly due to a well workover ($0.08 per barrel) for the New Town SWD facility.

For the nine months ended September 30, 2024, operating costs and royalties decreased 2% to $0.73 per barrel (or $8,063,000) from $0.75 per barrel (or $8,390,000) for the 2023 comparable period.

Alberta – Discontinued Operation

On May 24, 2023, the Company disposed of its wholly owned subsidiary, White Owl Energy Services Ltd., for nominal consideration. The disposition comprised the shut-in oil and gas wells at Clairmont and included cash and cash equivalents, deposits, trade and other accounts receivables, oil and gas property, plant and equipment and the assumption by the purchaser of trade and other payables, promissory note, surface lease liabilities and all decommissioning liabilities associated with the Clairmont oil and gas assets. For additional information, please see **Canada** on Page 22.

OPERATING LOCATIONS (dollar amounts in USD except Canada):

New Town SWD

New Town Facility (amounts in USD except volumes)

		Q3 2024	Q3 2023	Change	YTD 2024	YTD 2023	Change
Production Water - Trucked	b/d	17,687	10,947	*62%*	14,109	12,413	*14%*
Flowback	b/d	419	125	*234%*	308	153	*102%*
Total Fluids Disposed	b/d	18,106	11,072	*64%*	14,417	12,566	*15%*
Oil Sales	b/qtr, yr	5,576	5,539	*1%*	17,035	16,963	*0%*
Revenue:							
Production Water - Trucked		$762,107	$490,718	*55%*	$1,829,638	$1,628,421	*12%*
Price for Production Water/bbl		0.47	0.49	*-4%*	0.47	0.48	*-2%*
Flowback		44,745	17,837	*151%*	114,004	50,161	*127%*
Price for Flowback/bbl		1.16	1.55	*-25%*	1.35	1.20	*12%*
Recovered Oil		355,024	401,095	*-11%*	1,110,783	1,158,646	*-4%*
Price for Oil/bbl		63.67	72.41	*-12%*	65.21	68.30	*-5%*
Total Revenue		1,161,876	909,650	*28%*	3,054,425	2,837,228	*8%*
Total Revenue/bbl.		$0.70	$0.89	*-22%*	$1.16	$1.25	*-7%*
Operating Expenses		505,318	786,272	*-36%*	1,466,496	1,859,978	*-21%*
Operating Income		$656,558	$123,378	*432%*	$1,587,929	$977,250	*62%*

Environmental and Safety:

There were no spills, environmental incidents, or safety incidents in the three and nine months ended September 30, 2024, and no incidents in all of 2023.

Operating Income:

For the three and nine months ended September 30, 2024, operating income increased 432% and 62% to $656,558 and $1,587,929, respectively, from $123,378 and $977,250, for the 2023 comparable periods, respectively. The increased operating income is mainly due to increased volumes during Q3 2024 driven by producer activity in the area, as well as volumes being diverted from a neighbouring SWD facility which was shut down for maintenance. Operating costs for the current quarter and year-to-date were also lower than in 2023, as the prior year included well workover costs of $255,000.

Volumes:

Q3 2024 disposal volumes increased significantly by 7,034 bpd to 18,106 bpd from 11,072 bpd for Q3 2023 due to increased producer activity in the area and the shut-down of a neighboring SWD facility for maintenance. The increase in Q3 2024 disposal volumes resulted in 14,417 bpd for the nine months ended September 30, 2024 versus 12,566 bpd for the comparable 2023 period. We expect disposal volumes to remain in the 14,000 to 15,000 bpd range for the remainder of 2024, in response to increased well completion activity in the area.

Despite the significant increase in volumes, recovered oil improved only marginally. For the three and nine months ended September 30, 2024, oil volumes were 5,576 barrels and 17,035 barrels, respectively, versus 5,539 barrels and 16,963 barrels for the 2023 comparable periods, respectively. Oil recovery can vary from month to month and depends on the mix of production and flowback volumes.

Flowback continues to be weak at this site for two reasons: firstly, there is competitive pressure from an adjoining SWD where the competitor prices flowback at production water prices and secondly, there are relatively long wait times at the New Town SWD, where there are only two high speed unload lanes available. That said, flowback volumes improved to 419 bpd and 308 bpd for the three and nine months ended September 30, 2024, respectively, compared to 125 bpd and 153 bpd for the three and nine months ended September 30, 2023, respectively. The Corporation is planning to add additional high speed unload capacity in 2025.

Revenue and Pricing:

For the three and nine months ended September 30, 2024, total revenue increased 28% and 8% to $1,161,876 and $3,054,425, respectively, from $909,650 and $2,837,228 for the three and nine months ended September 30, 2023.

There was little change in oil sales however, lower oil prices resulted in oil revenue decreasing to $355,024 and $1,110,783 for the three and nine months ended September 30, 2024, respectively, from $401,095 and $1,158,646 for the 2023 comparable periods, respectively.

Operating Costs and Royalties:

For the three months ended September 30, 2024, operating costs and royalties decreased 36% to $505,318 from $786,272 for Q3 2023. On a unit basis, operating costs decreased to $0.30 per barrel for Q3 2024 from $0.77 per barrel for Q3 2023 mainly due to significantly higher disposal volumes in the current quarter. The higher costs in Q3 2023 were also a result of well workover costs.

For the nine months ended September 30, 2024, operating costs and royalties decreased 21% to $1,466,496 (or $0.37 per barrel) from $1,859,978 (or $0.54 per barrel) for the nine months ended September 30, 2023. The decrease was due to lower repairs and maintenance, lower unit operating costs and $0.07 per barrel inclusion in Q3 2023 for the well workover.

Capital Projects:

Capital projects for the three and nine months ended September 30, 2024, totaled $87,831 and $534,550, respectively. During the period there was an investment in the purchase and installation of a permanent 800-hp horizontal pump and PLC to replace the temporary 600-hp rental pump. This project is now complete and has resulted in increased plant capacity of approximately 3,000 bpd for a total facility capacity of approximately 20,000 bpd.

Watford City SWD

Watford Facility (amounts in USD except volumes)

		Q3 2024	Q3 2023	Change	YTD 2024	YTD 2023	Change
Production Water - Trucked	b/d	5,572	5,073	*10%*	7,628	6,647	*15%*
Production Water - Piped	b/d	0	0	*0%*	1	313	*-100%*
Flowback	b/d	624	770	*-19%*	667	452	*48%*
Total Fluids Disposed	b/d	6,197	5,843	*6%*	8,296	7,412	*12%*
Oil Sales	b/qtr, yr.	4,650	3,046	*53%*	19,776	10,600	*87%*
Revenue:							
Production Water - Trucked		$255,051	$233,087	*9%*	$1,038,291	$902,512	*15%*
Price for Prodn. Water-Trucked/bbl		0.50	0.50	*0%*	0.50	0.50	*0%*
Production Water - Piped		0	0	*0%*	87	40,548	*100%*
Price for Prodn. Water Piped/bbl		0.00	0.00	*0%*	0.00	0.48	*-100%*
Flowback		73,246	79,599	*-8%*	232,569	135,171	*72%*
Price for Flowback/bbl		1.28	1.12	*14%*	1.27	1.10	*16%*
Recovered Oil		283,973	223,845	*27%*	1,288,751	725,664	*78%*
Price for Oil/bbl		61.07	73.49	*-17%*	65.17	68.46	*-5%*
Other Income		0	0	*0%*	0	0	*0%*
Total Revenue		612,270	536,531	*14%*	2,559,698	1,803,895	*42%*
Total Revenue/bbl.		1.07	1.00	*8%*	1.13	0.89	*26%*
Operating Expenses		327,263	373,351	*-12%*	1,108,866	1,111,254	*0%*
Operating Income		$285,007	$163,180	*75%*	$1,450,832	$692,641	*109%*

Environmental and Safety:

There were no spills, environmental incidents, or safety incidents in the three and nine months ended September 30, 2024, and no incidents in all of 2023.

Operating Income:

For the nine months ended September 30, 2024, operating income more than doubled to $1,450,832 from $692,641 for the 2023 comparable period, mainly due to the significantly higher oil and disposal revenue. Oil sales and disposal revenue increased by $563,087 and $192,629, respectively, while operating costs remained constant. As a result, Q3 2024 operating income increased 75% $285,007 from $163,180 for Q3 2023.

Volumes:

In 2024 business has improved at the Watford City SWD facility. The increase in drilling and competition activity combined with a change in customer mix has led to recovered oil increasing 87% to 19,776 barrels for the nine months ended September 30, 2024, from 10,600 barrels for the 2023 comparable period. In Q3 2024, recovered oil sales increased 53% to 4,650 barrels from 3,046 barrels for Q3 2023.

The increased well completion activity in the area resulted in higher flowback which increased 48% to 667 bpd for the nine months ended September 30, 2024, from 452 bpd for the 2023 comparable period.

Overall, for the nine months ended September 30, 2024, disposal volumes increased 12% to 8,296 bpd from 7,412 bpd for the 2023 comparable period, while volumes for Q3 2024 increased 6% to 6,197 bpd from 5,843 bpd for Q3 2023.

Revenues and Pricing:

For the nine months ended September 30, 2024, total revenue increased 42% to $2,559,698 from $1,803,895 for the 2023 comparable period. This increase in revenue is mainly due to recovered oil sales increasing 78% to $1,288,751 for the current period from $725,664 for the 2023 comparable period. The higher oil sales more than offset a 5% decrease in the net oil price between the two nine-month periods. Disposal revenue increased 19% to $1,270,810 from $1,078,231 as a result of increased flowback pricing and higher volumes of production water.

For Q3 2024, total revenue increased 14% to $612,270 from $536,531 for Q3 2023, with oil revenue increasing 27% and disposal revenue increasing 5% between the quarters.

Operating Costs and Royalties:

For the nine months ended September 30, 2024, there was little change in operating costs and royalties with these costs at $1,108,866 (or $0.49 per barrel) versus $1,111,254 (or $0.55 per barrel) for the 2023 comparable period.

For Q3 2024, operating costs and royalties decreased 12% to $327,263 (or $$0.57 per barrel) from $373,351 (or $0.69 per barrel) for Q3 2023 despite a decrease in disposal volumes of 6% between the two quarters. The decrease is mainly due to lower repairs and maintenance expenses.

Capital Projects:

Capital projects at this site were minimal, totaling $18,200 for the nine months ended September 30, 2024.

Ross SWD

Ross Facility (amounts in USD except volumes)							
		Q3 2024	**Q3 2023**	**Change**	**YTD 2024**	**YTD 2023**	**Change**
Production Water - Trucked	b/d	9,025	13,994	*-36%*	9,009	11,379	*-21%*
Flowback	b/d	1,822	4,417	*-59%*	1,419	3,091	*-54%*
Total Fluids Disposed	b/d	10,847	18,411	*-41%*	10,428	14,470	*-28%*
Oil Sales	b/qtr, yr.	6,020	9,842	*-39%*	18,300	22,708	*-19%*
Revenue:							
Production Water - Trucked		$426,648	$651,699	*-35%*	$1,256,630	$1,555,818	*-19%*
Price for Production Water/bbl		0.51	0.51	*2%*	0.51	0.50	*2%*
Flowback		213,886	479,537	*-55%*	504,284	937,007	*-46%*
Price for Flowback/bbl		1.28	1.18	*8%*	1.30	1.11	*17%*
Recovered Oil		388,876	719,701	*-46%*	1,199,932	1,576,949	*-24%*
Price for Oil/bbl		64.60	73.13	*-12%*	65.57	69.44	*-6%*
Other Income		0	0	*100%*	0	0	*100%*
Total Revenue		1,029,410	1,850,937	*-44%*	2,960,846	4,069,774	*-27%*
Total Revenue/bbl.		1.03	1.09	*-6%*	$1.04	$1.03	*1%*
Operating Expenses		377,034	778,372	*-52%*	1,642,702	1,863,940	*-12%*
Operating Income (Loss)		$652,376	$1,072,565	*-39%*	$1,318,144	$2,205,834	*-40%*

Environmental and Safety:

There were no spills, environmental incidents, or safety incidents in the three and nine months ended September 30, 2024, and no incidents in all of 2023.

Operating Income:

For the nine months ended September 30, 2024, operating income decreased 40% to $1,318,144 from $2,205,834 for the comparable 2023 period. The decrease was a result of lower oil sales (down by $377,017, or 24% between the two nine-month periods) and lower disposal revenue (down by $731,911, or 29%).

For Q3 2024, operating income decreased 39% to $652,376 from $1,072,565 for Q3 2023, again mainly due to lower oil sales (down by 46% between the two quarters) and lower disposal revenue (down by $491,000, or 43%). Please see *"Volumes"* below.

Volumes:

At the Ross SWD facility, producer drilling and completion activity in the area tends to be cyclical and the second and third quarters of 2024 were relatively slow. For the three and nine months ended September 30, 2024, disposal volumes and oil sales decreased from the prior year comparable periods. However, the decrease in volumes is expected to be temporary and we are expecting a rebound in business at this facility in 2025 as a result of increased producer and permitting activity during the third quarter.

For the nine months ended September 30, 2024, disposal volumes decreased 28% to 10,428 bpd from 14,470 bpd for the 2023 comparable period, while oil sales decreased 19% to 18,300 barrels from 22,708 barrels for the 2023 comparable period.

For the three months ended September 30, 2024, disposal volumes decreased 41% to 10,847 bpd from 18,411 bpd for Q3 2023, while oil sales decreased 39% to 6,020 barrels from 9,842 barrels for Q3 2023.

Revenues and Pricing:

For the six months ended September 30, 2024, total revenue decreased 27% to $2,960,846 from $4,069,774 for the 2023 comparable period. Oil sales decreased on 19% lower volumes to $1,199,932 for the current nine-month period from $1,576,949 for the comparable period last year. Disposal revenue decreased 28% to $1,760,914 for the nine months ended September 30, 2024, from $2,492,825 for the comparable prior year period, again due to the cyclical nature of activity in the area.

For the three months ended September 30, 2024, total revenue decreased 44% to $1,029,410 from $1,850,937 for Q3 2023. This was a result of a 43% decrease in disposal revenue as a result of the 41% decrease in volumes between the two quarters. Q3 2024 oil sales decreased 46% due to lower volumes and a 12% decrease in the netback price.

Operating Costs and Royalties:

Q3 2024 operating costs decreased 52% to $377,034 (or $0.38 per barrel) from $778,372 (or $0.46 per barrel) for Q3 2023. The decrease was due to a 41% decrease in disposal volumes and a decrease in repairs and maintenance from the prior year quarter.

For the nine months ended September 30, 2024, operating costs and royalties decreased 12% to $1,642,702 from $1,863,940 for the prior year comparable period. On a barrel basis, operating costs increased to $0.57 per barrel from $0.47 per barrel for the comparable period last year. This increase was a result of the installation of a replacement gun-barrel tank in February 2024, higher utility costs because of the addition of a second rental injection pump in Q3 2023 and increased expenses for labour and filters.

In July 2023, the Corporation installed a second rental injection pump to increase the hourly and daily injection capacity of the facility in response to increased daytime trucking and disposal demand. As discussed under "*Volumes*" above, we are expecting a rebound in disposal volumes at this facility in 2025. Finally, labour costs increased 10% between the two nine-month periods as the Corporation returned to full staffing combined with pay rate increases implemented at the beginning of the current year.

Capital Projects:

Capital projects for the nine months ended September 30, 2024, totaled $542,411. During the period there was an investment in the purchase and installation of a permanent 800-hp horizontal pump and PLC to replace the two temporary rental pumps. This project is expected to be commissioned in November 2024 and will provide increased injection capacity of about 3,000 bpd in anticipation of higher disposal volumes in 2025.

Alexander Class 1 Facility

Alexander Facility (Amounts in USD except volumes)

		Q3 2024	Q3 2023	Change	YTD 2024	YTD 2023	Change
Class 1 Water-Trucked	b/d	152	432	*-65%*	272	357	*-24%*
Total Fluids Disposed	b/d	152	432	*-65%*	272	357	*-24%*
Class 1 Water	b/qtr. yr.	14,018	39,712	*-65%*	74,550	97,552	*-24%*
Revenue:							
Class 1 Water		$94,610	$204,300	*-54%*	$480,352	$501,982	*-4%*
Price for Class 1 Water		6.75	5.14	*31%*	6.44	5.15	*25%*
Total Revenue		94,610	204,300	*-54%*	480,352	501,982	*-4%*
Total Revenue/bbl.		6.75	5.14	*31%*	6.44	5.15	*25%*
Operating Expenses		211,085	91,608	*130%*	398,780	293,442	*36%*
Operating Income (Loss)		$ (116,475)	$ 112,692	*-203%*	$ 81,572	$ 208,540	*-61%*

White Owl's Class 1 water disposal business was established in 2019 with the conversion of the underutilised Alexander Class 2 SWD to Class 1 disposal. The customer base includes producers, pipeline operators and landfill operators as well as small generators of non-hazardous waste. Although there are significant volumes of Class 1 water generated in North Dakota, not all generators are aware of the regulatory requirement to use Class 1 disposal for non-hazardous industrial fluids, and some continue to use permitted Class 2 facilities for disposal of these fluids. This practice is anticipated to decline over time as internal pressure for environmental compliance combined with regulatory enforcement will mean generators will need to use licensed Class 1 disposal. During 2022, the Class 1 customer base expanded due to the growing recognition that a local Class 1 disposal service is readily accessible in North Dakota. The alternatives for waste generators are unauthorised disposal in Class 2 facilities as discussed above, or shipping to Class 1 treatment facilities in adjoining states.

Environmental and Safety:

There were no spills, environmental incidents, or safety incidents in the three and nine months ended September 30, 2024, and no incidents in all of 2023.

Operating Income:

During Q3 2024 the well was shut in for a period to allow repairs to the tubing. As a result, operating income at this facility decreased to $81,572 for the nine months ended September 30, 2024, from $208,540 for the 2023 comparable period. Due to the costly workover, the facility recorded an operating loss of $116,475 for Q3 2024 versus operating income of $112,692 for Q3 2023.

Volumes:

For the nine months ended September 30, 2024, volumes decreased 24% to 74,550 barrels from 97,552 barrels for the 2023 comparable period due to the temporary halt in operations in Q3 2024 to complete the workover. As a result, Q3 2024 recorded volumes of 14,018 barrels, down from 39,712 barrels for Q3 2023.

Demand for Class 1 disposal in North Dakota, which increased in 2023, now exceeds the injection capacity of the well. This was evident in the first six months of 2024 when 60,532 barrels were disposed versus 57,829 barrels for the 2023 comparable period. The Class 1 business is typically a spring, summer and fall business due to freezing of the fresh water during the winter months. Typically, approximately 70% of the annual disposal volumes at this facility are received in the second and third quarters of the year. To meet the increased demand by customers, management is examining options to add injection capacity to its Class 1 disposal business.

Revenues and Pricing:

For the nine months ended September 30, 2024, total revenue decreased 4% to $480,352 from $501,982 for the 2023 comparable period. Price increases implemented in Q4 2024 virtually offset the 24% decrease in injection volumes due to the workover. Q3 2024 total revenue decreased 53% to $94,610 from $204,300 as volumes decreased 65% between the quarters due to the well shut in. Please see "*Volumes*" above.

Operating Costs and Royalties:

For the nine months ended September 30, 2024, workover costs of $98,440 recorded in the third quarter resulted in operating costs and royalties increasing 36% to $398,780 from $293,442 for the 2023 comparable period. Q3 2024 operating costs and royalties increased to $211,085 from $91,068.

Capital Projects:

Capital projects at this site were minimal, totaling $10,500 for the nine months ended September 30, 2024.

Tioga SWD JV Facility

Tioga (Volumes 100%, dollar amounts at 47% in USD)								
		Q3 2024	Q3 2023	Change	YTD 2024	YTD 2023	Change
Production Water-Trucked	b/d	1,540	7,264	-79%	4,347	4,900	-11%
Production Water-Piped	b/d	3,394	97	3394%	2,863	33	8646%
Flowback	b/d	1,291	2,637	-51%	1,189	1,809	-34%
Total Fluids Disposed	b/d	6,225	9,998	-38%	8,400	6,741	25%
Oil Sales	b/qtr. yr.	4,965	8,063	-38%	14,458	18,179	-20%
Revenue:							
Production Water - Trucked		$34,109	$147,242	-77%	$288,687	$295,277	-2%
Price for Prodn. Water-Trucked/bbl		0.51	0.47	9%	0.52	0.22	134%
Production Water - Piped		76,317	2,186	3391%	191,717	2,186	8670%
Price for Prodn. Water Piped/bbl		0.52	0.52	0%	0.52	0.24	113%
Flowback		72,133	109,156	-34%	186,178	217,577	-14%
Price for Flowback/bbl		1.29	0.96	35%	1.22	0.44	176%
Recovered Oil		150,122	278,015	-46%	446,180	593,091	-25%
Price for Oil/bbl		64.33	73.36	-12%	65.66	32.63	101%
Other		0	0	100%	0	0	100%
Total Revenue		$332,682	536,598	-38%	1,112,762	1,108,130	0%
Total Revenue/bbl.		1.24	1.24	0%	1.03	0.60	71%
Operating Expenses		164,842	290,732	-43%	665,545	637,130	4%
Operating Income		$167,839	$245,866	-32%	$447,217	$471,000	-5%

The discussion below is based on total volumes for the facility while the financial information represents White Owl's 47% interest in the Tioga JV. The Tioga SWD facility is one of four pipeline-connected facilities among the Corporation's total suite of six Class 1 SWD facilities, the others being Watford City, Epping and Killdeer.

Environmental and Safety:

There were no spills, environmental incidents, or safety incidents in the three and nine months ended September 30, 2024, and no incidents in all of 2023.

Operating Income:

There was little change in operating income for the nine months ended September 30, 2024, at $447,217 versus $471,000 for the 2023 comparable period. An increase in disposal revenue was offset by lower oil sales and lower operating costs and royalties. Please see *"Volumes"* and *"Revenues and Pricing"* below.

Q3 2024 operating income decreased 32% to $167,839 from $245,866 for Q3 2023, as disposal revenue and oil sales decreased by $76,023 and $127,893, respectively, more than offsetting a $125,890 decrease in operating costs and royalties.

Volumes:

For the nine months ended September 30, 2024, disposal volumes increased 25% to 8,400 bpd from 6,741 bpd for the 2023 comparable period. Notably, pipeline volumes totaled 2,863 bpd, or 34% of total disposal volumes for the current nine-month period versus negligible pipeline volumes for the 2023 nine-month period.

Although disposal and oil volumes were lower in Q3 2024 than in Q3 2023, area activity in Q4 2024 has shown a material increase. Disposal volumes for Q3 2024 decreased 38% to 6,225 bpd from 9,998 bpd for Q3 2023, with Q3 2024 pipeline volumes totaling 3,394 bpd, or 55% of total disposal volumes for the quarter, versus negligible pipeline volumes for Q3 2023.

The higher rate of pipeline volumes resulted in a decrease in recovered oil volumes as there is little oil to be recovered from pipeline water. For the nine months ended September 30, 2024, oil volumes decreased 20% to 14,458 barrels from 18,179 barrels for the 2023 comparable period.

Similarly, the very high proportion (55%) of pipelines volumes in Q3 2024 led to oil volumes decreasing 38% to 4,965 barrels from 8,063 barrels for Q3 2023.

Revenues and Pricing:

For the nine months ended September 30, 2024, total revenue, net to White Owl, remained flat at $1,112,762 versus $1,108,130 for the 2023 comparable period as higher disposal revenue offset lower oil sales. Disposal revenue increased 29% to $666,582 for the nine months from $515,039, mainly due to the 25% increase in disposal volumes and a 10% increase in production water pricing between the two nine-month periods. Oil sales decreased 25% to $446,180 for the current nine-month period from $593,091 for the 2023 nine-month period, as oil volumes decreased 20% and the netback price was 5% lower.

Q3 2024 total revenue, net to White Owl, decreased 38% to $332,682 from $536,598 for Q3 2023. Disposal revenues decreased 29% to $182,560 from $258,583 despite improved pricing for trucked-in and flowback volumes. Oil sales decreased 46% to $150,122 for Q3 2024 from $278,015 for Q3 2023, due to the 38% decrease in recovered oil combining with a 11% decrease in the netback oil price.

Operating Costs and Royalties:

For the nine months ended September 30, 2024, operating costs and royalties increased 4% to $665,545 from $637,130 for the 2023 comparable period. On a per barrel basis, operating costs decreased to $0.62 per barrel for the current nine-month period from $0.74 per barrel for the comparable period last year due to the higher volumes. In line with its goal to reduce pump maintenance at all locations, the Triplex pumps were replaced with a rental horizontal pump during Q4 2023. This pump has reduced the facility's downtime for maintenance and increased the injection capacity by approximately 2,000 bpd, however energy costs have increased. Plans are being developed to replace the rental pump with a permanent horizontal pump and PLC in 2025.

Q3 2024 operating costs and royalties decreased 43% to $164,842 (or $0.61 per barrel) from $290,732 (or $0.68 per barrel) for Q3 2023, approximately matching the 38% decrease in disposal between the quarters.

Capital Projects:

There was minimal capital spent at this facility ($4,300) for the nine months ended September 30, 2024. However, during the fourth quarter of 2023, the rental pump referenced above was installed and the charge pump and filter housing skid were also upgraded to accommodate the higher injection rate of the horizontal pump. The rental pump is not a permanent fixture and is budgeted to be replaced with a White Owl horizontal pump in 2025.

Killdeer SWD JV Facility

Killdeer Facility (vols.100%, Dollar amounts at 40%WI in USD))

		Q3 2024	Q3 2023	Change	YTD 2024	YTD 2023	Change
Production Water-Trucked	b/d	675	0	*100%*	288	0	*100%*
Production Water-Piped	b/d	330	0	*100%*	206	0	*100%*
Flowback	b/d	606	0	*100%*	387	0	*100%*
Total Fluids Disposed	b/d	1,610	0	*100%*	882	0	*100%*
Oil Sales	b/qtr	2,757	0	*100%*	6,178	0	*100%*
Revenue							
Production Water-Trucked		$12,347	$0	*100%*	$15,668	$0	*100%*
Price for Production Water/bbl		0.50	0.00	*100%*	0.20	0.00	*100%*
Production Water-Piped		6,067	0	*100%*	11,282	0	*100%*
Price for Production Water/bbl		0.50	0.00	*100%*	0.20	0.00	*100%*
Flowback		27,903	0	*100%*	54,508	0	*100%*
Price for Flowback/bbl		1.25	0.00	*100%*	0.51	0.00	*100%*
Recovered Oil		72,010	0	*100%*	159,932	0	*100%*
Price for Oil/bbl		65.30	0.00	*100%*	25.89	0.00	*100%*
Other Income		0	0	*100%*	0	0	
Total Revenue		118,327	0	*100%*	241,390	0	*100%*
Total Revenue/bbl.		2.00	0.00	*100%*	1.00	0.00	*100%*
Operating Expenses		219,701	0	*100%*	251,997	0	*100%*
Operating Income		-$101,374	$0	*100%*	-$10,608	$0	*100%*

Effective June 1, 2024, the Company entered into the Killdeer joint venture ("Killdeer JV"). The Company earns a 50% participating interest in the Killdeer JV by paying $200,000 to North Dakota SWD Well #1, LLC ("ND SWD Well #1") and committing to spend an additional $800,000 to complete plant turnaround activities and maintenance work.

Also, effective June 1, 2024, the Company disposed of a 50% interest in its 50% participating interest in the Killdeer JV to a partner ("White Owl Partner") for $500,000 which reflects the White Owl Partner's 50% share of the consideration that White Owl is obligated to pay under the terms of the Killdeer joint venture agreement ("JV Agreement"). With the White Owl Partner's participation, White Owl's net investment is $500,000 to earn 25% interest in the Killdeer JV's assets and liabilities.

During August, the injection well was shut in for repairs. The well had incurred significant damage over the past 2 years with parted and corroded tubing and significant solids content in the well bore. The resulting workover included removal of solids from the well, reperforating and acidizing the injection zone and replacing the entire damaged tubing string. To pay for the unexpected workover costs which are estimated at $1.0 million (gross), ND SWD Well#1 has a greed to pay 75% of these costs, with the net cost to White Owl estimated at $125,000 (that is 25% of the estimated $1.0 million, split between White Owl and the White Owl Partner).

With the disposition to the White Owl Partner, as discussed above, White Owl is entitled to a 25% share of the Killdeer JV assets and liabilities and distributions from net cash flow until ND SWD#1 recovers its share of the workover costs. Once this payout has been achieved, White Owl will then receive 40% of the cash flows until it recovers its $500,000 investment. Thereafter the Corporation will receive 25% of the cash flows.

The discussion below is based on total volumes for the facility while the financial information represents White Owl's 25% before payout interest in the Killdeer JV.

Environmental and Safety:

For the three and nine months ended September 30, 2024, there were no reportable spills, environmental incidents or safety incidents.

Operating Income:

For the three and nine months ended September 30, 2024, this facility recorded an operating loss of $101,374 and $10,608, respectively, due to the shutting-in of the facility in mid-August 20204, as discussed above. Please see *"Volumes"* and "*Revenues and Pricing"* below.

Volumes:

Killdeer is a busy area with 12 drilling rigs currently operating within ten miles of the Killdeer Facility. However, despite this activity volumes at the Killdeer SWD will remain relatively low until White Owl completes the delayed maintenance and plant improvements required under the terms of the JV Agreement.

White Owl is anticipating disposal volumes to increase in 2025 once the investment in capital and maintenance previously deferred by the former owners is completed.

For the three months ended September 30, 2024, with the facility shut-in for half of the quarter for well repairs, fluid disposal volumes totaled 1,610 bpd (gross), comprising 675 bpd of trucked production water, 330 bpd of pipeline water and 605 bpd of flowback water. Q3 2024 oil sales volumes totaled 2,757 barrels (gross). This compares to the month of June, White Owl's first month as a part owner of this facility, with volumes totaling 3,114 bpd (gross) and 3,421 barrels (gross) of oil sold.

Revenues and Pricing:

For the three and nine months ended September 30, 2024, total revenue totaled $118,327 and $241,390 respectively, net to White Owl's interest. Oil sales accounted for $72,010 and $159,932 for the three and nine months ended September 30, 2024, respectively, with disposal revenue accounting for $46,317 and $81,458, respectively.

Operating Costs and Royalties:

For the three and nine months ended September 30, 2024, operating costs and royalties totalled $219,701 and $251,997, respectively, net to White Owl's interest, with the main expenses including labour, insurance, chemical costs, utilities, royalties and solids disposal costs. To handle the expected increased disposal volumes, the Corporation is currently in the process of hiring additional operating personnel.

Capital Projects:

From June 1, 2024, to September 30, 2024, capital expenditures totaled $115,870 net to White Owl's 25% interest.

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Epping SWD JV

Epping (Volumes 100%, Dollar amounts at 35% Working Interest in USD)								
		Q3 2024	**Q3 2023**	**Change**	**YTD 2024**	**YTD 2023**	**Change**
Production Water-Trucked	b/d	2,960	7,868	*-62%*	3,836	5,703	*-33%*
Production Water-Piped	b/d	3,169	3,737	*-15%*	3,095	3,711	*-17%*
Flowback	b/d	268	114	*136%*	398	315	*26%*
Total Fluids Disposed	b/d	6,397	11,718	*-45%*	7,329	9,729	*-25%*
Oil Sales	b/qtr. yr.	1,141	876	*30%*	6,998	4,064	*72%*
Revenue:							
Production Water-Trucked		$ 48,782	$127,512	*-62%*	$185,132	$271,237	*-32%*
Price for Production Water/bbl		0.51	0.50	*2%*	0.50	0.50	*1%*
Production Water-Piped		53,067	62,570	*-15%*	154,324	183,730	*-16%*
Price for Production Water/bbl		0.52	0.52	*0%*	0.52	0.52	*0%*
Flowback		10,949	5,150	*113%*	48,731	37,006	*32%*
Price for Flowback/bbl		1.27	1.41	*-10%*	1.28	1.23	*4%*
Recovered Oil		24,894	21,792	*14%*	159,682	95,441	*67%*
Price for Oil/bbl		62.34	71.08	*-12%*	65.20	67.10	*-3%*
Total Revenue		137,692	217,025	*-37%*	547,870	587,414	*-7%*
Total Revenue/bbl.		0.67	0.58	*16%*	0.78	0.63	*23%*
Operating Expenses		115,362	193,624	*-40%*	393,453	468,769	*-16%*
Operating Income (loss)		$ 22,330	$23,401	*-5%*	$154,417	$118,645	*30%*

The discussion below is based on total volumes for the facility while the financial information represents White Owl's 35% interest in the Epping JV.

Environmental and Safety:

For the three and nine months ended September 30, 2024, there were no reportable spills, environmental incidents or safety incidents. However, in Q1 2023 there was a small spill of 15 barrels of fluid, which was immediately cleaned up and the North Dakota Industrial Commission was notified. The total cost of the clean-up was $14,000.

Operating Income:

For the nine months ended September 30, 2024, operating income increased 30% to $154,417 from $118,645 for the 2023 comparable period, mainly due to stronger oil sales which increased by $89,000 between the two nine-month periods.

Q3 2024 operating income changed little to $22,330 versus $23,401 for Q3 2023 as lower disposal revenues were offset by lower operating costs and royalties. Please see *"Volumes"* and *"Revenues and Pricing"* below.

White Owl ENERGY SERVICES INC.

Volumes:

A slowdown in drilling and completion activity in the area during the second quarter has resulted in lower disposal and oil revenues in Q3 2024. However, there has been strong permitting activity in the area and several producers have forecast drilling and completion activity in Q4 2024 and in 2025 with the pipeline connected customer requesting a significant increase in disposal capacity commencing in late 2025.

For the nine months ended September 30, 2024, flowback volumes increased resulting in oil sales increasing 72% to 6,998 barrels from 4,064 barrels for the nine months ended September 30, 2023. Flow back accounted for 5% of total fluids disposed in the current six-month period versus an average of 3% for the 2023 year. With the slow down in drilling and completion activity during the second quarter, disposal volumes decreased 25% to 7,329 bpd for the nine months ended September 30, 2024, from 9,729 bpd for the 2023 comparable period.

In Q3 2024, oil sales increased to 1,141 barrels from 876 barrels for Q3 2023 due to the increased flowback, even though total disposal volumes decreased 45% to 6,397 bpd from 11,718 bpd between the two quarters.

Revenues and Pricing:

Total revenue for the nine months ended September 30, 2024, decreased 7% to $547,870 from $587,414 for the 2023 comparable period, as increased oil sales mostly offset lower disposal revenues. Oil sales increased 69% to $159,682 from $95,441, approximately matching the 72% increase in oil volumes between the two nine-month periods. Disposal revenue decreased 21% to $388,188 for the nine months ended September 30, 2024, from $491,973 due to lower disposal volumes.

With the slowdown in producer activity, as discussed above, total revenue for Q3 2024 decreased 37% to $137,692 from $217,025 for Q3 2023. Oil sales increased 14% to $24,894 for Q3 2024 from $21,792 for Q3 2023, while disposal revenue decreased 42% to $112,798 from $195,233 for Q3 2023, matching the decrease in disposal volumes.

Operating Costs and Royalties:

For the nine months ended September 30, 2024, operating costs and royalties decreased 16% to $393,453 (or $0.56 per barrel) versus $468,769 (or $0.50 per barrel) for the 2023 comparable period. Q3 2024 operating costs and royalties decreased 40% to $115,362 (or $0.56 per barrel) from $193,624 (or $0.51 per barrel) for Q3 2023 due to lower disposal volumes. The higher per-barrel operating costs in 2024 are due to lower disposal volumes being spread across the fixed component of operating costs. In mid-April, the site went from having an operator onsite 24 hours per day to having an operator onsite 12 hours per day. This change was made to reduce fixed operating costs due to the lower volumes. Staffing will return to 24 hours per day once activity and volumes pick back up.

Capital Projects:

Capital expenditures totaled $47,300 for the nine months ended September 30, 2024, comprising the installation of a sump collection system for the truck offloads, which was completed in the second quarter. This upgrade will help capture small amounts of oil remaining on trucks at the end of the unload process.

Canada

Discontinued Operation:

Effective October 14, 2022, the Company disposed of the Clairmont Terminal assets and associated liabilities to its joint venture partner for $1,400,000 ($1,250,000 net of costs). The disposition consisted of Clairmont Terminal property, plant and equipment, four associated wells and associated decommissioning liabilities and surface lease liabilities. After this disposition, the remaining oil and gas assets at Clairmont were considered to be a discontinued operation for accounting purposes.

Disposal of Remaining Oil and Gas Assets:

Effective May 24, 2023, the Company disposed of its wholly owned subsidiary White Owl Energy Services Ltd. for nominal consideration, subject to closing conditions and adjustments. This subsidiary held the remaining oil and gas properties at Clairmont. The disposition included cash and cash equivalents, deposits, trade and other accounts receivables, oil and gas property, plant and equipment and the assumption of trade and other accounts payables, promissory note, surface lease liabilities and all decommissioning liabilities associated with the Clairmont oil and gas assets. As a result of this transaction, the Company recognized a gain on disposition of subsidiary of $566,000 in comprehensive income for the three and nine months ended September 30, 2023.

In addition to the cash consideration, in the event the buyer completes a liquidity event on or before November 24, 2024, the buyer will cause the resulting issuer to issue 1,000,000 resulting issuer shares from treasury to the Company. As of May 24, 2023, and September 30, 2024, the Company has not recorded a contingent asset regarding the 1,000,000 resulting issuer shares as the outcome is uncertain.

Environmental and Safety:

There were no spills, environmental or safety incidents in the three and twelve months ended December 31, 2023.

Net Income from Discontinued Operation:

For the three and nine months ended September 30, 2024, the Corporation recorded net income from discontinued operation of nil versus nil and $502,000 for the three and nine months ended September 30, 2023, respectively.

($000's)	Three months ended September 30, 2024	2023	Nine months ended September 30, 2024	2023
Revenue	-	-	-	-
Expenses				
Operating costs	-	-	-	30
General and administrative	-	-	-	3
Depreciation	-	-	-	31
Finance costs	-	-	-	10
Gain on disposition of subsidiary	-	-	-	
Government abandonment grant -in-kind	-	-	-	-10
	-	-	-	64
Gain on disposition of subsidiary				566
Net income from discontinued operation	-	-	-	502

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

Strong sustainability performance is fundamental to our business, and we continue to pursue opportunities to progress our ESG targets and reduce our emissions from all sources. We continue to focus on several environmental areas including greenhouse gas emissions and water use as well as safety and governance performance.

We have reduced spills throughout our facilities' network and have had no reportable employee accidents or environmental incidents. Our field people are cognisant of the need to meet our ESG guidelines and their compensation is tied to performance on these matters.

OUTLOOK

North Dakota Bakken Activity

Bakken production remains stable at 1.2 million barrels per day of oil and 3.4 BCF of liquids rich gas and is forecast to continue at this rate based on producers utilising 40 rigs for their drilling and development programs. It seems that 40 rigs allow producers to maintain production with new well production replacing the high decline rates experienced by shale wells in the first year of production.

The 3.4 BCF of gross associated gas production in the Bakken is richly saturated with increasing volumes of NGLs (some with more than 9 gallons-per-Mcf, or GPM). This increase is driven by a steadily increasing associated gas-to-oil ratio (GOR), currently close to 3.0, with recovered NGL production now over 450,000 barrels per day. The majority of the gas produced in the Bakken must first be processed to have most of the NGLs stripped out, causing the gas volume to shrink and the Btu content to decline. After processing, these residue gas volumes are 2.4 Bcf/d. Currently 95% of Bakken gas production is captured and sold with the remaining 5% being flared, simply due to challenges on existing infrastructure.

Most new wells in the Bakken are 3-mile laterals with some producers looking to move to 4-mile laterals in 2025. White Owl's major customers continue to maintain that with 3-mile laterals and wider well spacing, they have 10 years of Tier 1 drilling inventory remaining.

Dakota Access Pipeline

No changes this quarter with the Dakota Access Pipeline remaining in limbo and as reported in Q2 2024, federal officials released a draft environmental review of the pipeline in September 2023, in which they said they would not decide on the controversial river crossing in North Dakota until more data was provided.

Corporate Review

In our Q2 2024 Shareholder Letter we referenced the Capital Reorganisation Term Sheet ("Term Sheet") which was developed with representatives of the Company's preferred shareholders. The Term Sheet contemplated a plan to repurchase the issued and outstanding Series A preferred shares over time. The final details of the plan remain in development and the related shareholder meeting has been delayed until a review of the Company's banking and financing options to fund the redemptions has been completed.

During the early months of 2024, the directors commenced the search for a President and CEO to replace Owen Pinnell who has advised that he will be retiring at the end of 2024. The board of directors wish to advise that effective January 1, 2025, Mr. Craig Heitrich will be assuming the role of President and Chief Executive Officer of the Corporation. Mr. Heitrich is an experienced oil and gas industry executive and will be looking to further the growth in shareholder value both inside and outside of North Dakota. Mr. Pinnell will remain a director of the Corporation.

Again, we would also like to thank all our staff in Alberta and North Dakota for their significant efforts in keeping the business operating at a healthy 60% of available capacity. Thank you for your commitment and loyalty and for your assistance in achieving strong operating and financial results for the nine months ended September 30, 2024.

We also appreciate the ongoing support of our shareholders and should you have any questions, please do not hesitate to contact the Corporation directly at 403-457-5456 extension #101 or pinnello@whiteowl-services.com. We sincerely thank you for this 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

NON-GAAP MEASURES

The MDFR refers to terms commonly used in the industry including operating income (loss), net debt and EBITDA. Such terms do not have a standard meaning as prescribed by IFRS and therefore may not be comparable with the determination of similar measures of other entities. These measures are identified as non-GAAP measures and are used by Management to analyze operating performance and leverage. Operating income (loss) and EBITDA should not be considered as an alternative to, or more meaningful than, net income (loss) as determined in accordance with IFRS.

Net debt is used by Management as a key measure to assess the Corporation's liquidity position at a point in time. Net debt is reflected in the measures used by Management to monitor the liquidity in light of operating and budgeting decisions.

Net debt is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities.

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.