MANAGEMENT'S DISCUSSION OF FINANCIAL RESULTS

For the three and twelve months ended December 31, 2024

Management's Discussion of Financial Results ("MDFR") is provided to assist readers in the assessment of the results of operations, liquidity and capital resources of White Owl Energy Services Inc. ("White Owl" or the "Company" or the "Corporation") as at and for the three and twelve months ended December 31, 2024. White Owl is a private company and is not required to prepare and file Management's Discussion and Analysis ("MD&A") in accordance with regulatory requirements in Canada or the United States ("US"). **This MDFR does not constitute an MD&A for the purposes of Canadian or US securities laws and may not include all the information that might otherwise be required or expected thereunder.**

This MDFR is based on information available to March 25, 2025, and should be read in conjunction with White Owl's audited consolidated financial statements for the years ended December 31, 2024, and 2023. The financial statements and comparative information have been prepared in accordance with International Financial Reporting Standards.

All amounts are stated in Canadian dollars unless otherwise noted.

FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2024, HIGHLIGHTS

Highlights for the three and twelve months ended December 31, 2024, are summarized as follows:

- EBITDA from continuing operations for the twelve months ended December 31, 2024, increased 5% to $6,831,000 from $6,490,000 for 2023, mainly due to lower operating costs and royalties and stronger oil sales revenue, partially offset by higher general and administrative expenses.
- Q4 2024 EBITDA from continuing operations is $1,356,000 compared to $1,541,000 for Q4 2023. The decrease is mainly due to lower oil sales revenue and higher general and administrative expenses, partially offset by lower operating expenses and royalties.
- The Corporation's outstanding bank loan balance is $2,417,723 (US$1,680,258) as at December 31, 2024 (before transaction costs), down 38% from $3,919,575 (US$2,963,538) as at December 31, 2023.
- The Corporation's cash and cash equivalents is $3,337,262 (US$2,319,315) as at December 31, 2024.
- The Corporation's trailing twelve-month net debt to EBITDA ratio is a conservative 0.00:1.00 as of December 31, 2024, compared to 0.33:1.00 as of December 31, 2023. *Please see* "**Net Debt to EBITDA**" *on Page 27 for calculation of this ratio*.

- The net operating income margin from continuing operations improved to 48% for the twelve months ended December 31, 2024, from 44% for 2023.
- As of January 1, 2025, a price increase of 10% was implemented for production water after several years of flat pricing. In addition, pricing for flowback water increased by 8%.
- Total revenue for the twelve months ending December 31, 2024, was $20,478,000, a slight increase from $20,262,000 recorded in 2023. Oil sales revenue increased 2% to $7,692,000 for 2024 from $7,510,000 for 2023, as an 8% increase in volumes was partially offset by a 5% decrease in the net realized oil price. Disposal revenue remained relatively flat at $12,169,000 for 2024 compared to $12,314,000 for 2023, matching the year-over-year change in disposal volumes.
- Total revenue for Q4 2024 decreased 2% to $5,143,000 from $5,273,000 for Q4 2023, mainly due to oil sales revenue decreasing 9% to $1,757,000 from $1,923,000 due to lower oil pricing. Also impacting total revenue for Q4 2024 was a decrease of $199,000 in the Alexander facility's revenue due to a two-month shut-down for well repairs.
- For the twelve months ending December 31, 2024, operating costs and royalties decreased 6% to $0.72 per barrel from $0.76 per barrel for 2023, mainly due to lower repairs and maintenance costs. For Q4 2024, operating costs and royalties per barrel decreased 16% to $0.68 from $0.80 for Q4 2023, mainly because of lower solids disposal costs (down by $0.05 per barrel) and lower repairs and maintenance (down by $0.04 per barrel). In addition, the fourth quarter of 2023 included well workover costs of $0.04 per barrel for the New Town Saltwater Disposal ("SWD") facility.
- Effective, June 1, 2024, White Owl acquired a 25% working interest in the Killdeer SWD facility. Killdeer is an active area with six drilling rigs currently operating within five to fifteen 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. The upgrade program includes expenditures to improve truck offload times in anticipation of increased volumes. The well was temporarily shut-in in mid-August for unforeseen well repairs with a net cost to White Owl of approximately US$175,000. The well resumed injection on October 24, 2024. *(Please see* "**Killdeer SWD JV Facility**" *on Page 15 for more information).*
- Capital expenditures for the twelve months ended December 31, 2024, totaled $2,325,000, and include injection system upgrade costs of $937,000 and $855,000, respectively, for the Ross SWD and New Town SWD, $213,000 for additions to spare parts inventory, $166,000 for additions to field truck and bobcat equipment and $57,000 for installation of sump pumps at the Epping SWD facility. The

injection systems at the Ross SWD and New Town SWD facilities were upgraded with the purchase and installation of a permanent 800-hp horizontal pump and programmable logic controller ("PLC") to replace the temporary 600-hp rental pumps. These upgrades increased the injection capacity at each facility by approximately 3,000 bpd.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three months ended December 31,			Twelve months ended December 31,		
($000's unless otherwise noted)	**2024**	2023	**%**	**2024**	2023	**%**
Continuing operations						
North Dakota operations						
Disposal volumes (Bbls)	**3,883,696**	3,754,256	3%	**14,920,168**	15,011,294	-1%
Recovered oil sales volumes (Bbls)	**21,081**	21,267	-1%	**87,909**	81,504	8%
Disposal revenue ($ per Bbl)	**$0.82**	$0.86	-4%	**$0.82**	$0.82	0%
Oil sales revenue ($ per Bbl)	**$84.21**	$90.45	-7%	**$87.72**	$92.14	-5%
Operating costs and royalties ($ per Bbl)	**$0.68**	$0.80	-15%	**$0.72**	$0.76	-5%
North Dakota disposal and services revenue						
Disposal revenue	**$3,199**	$3,227	-1%	**$12,169**	$12,314	-1%
Oil sales revenue	**1,757**	1,923	-9%	**7,692**	7,510	2%
Other revenue	**187**	123	52%	**617**	438	41%
Total revenue – North Dakota continuing operations	**5,143**	5,273	-2%	**20,478**	20,262	1%
Operating costs and royalties	**(2,632)**	(3,011)	-13%	**(10,696)**	(11,401)	-6%
Operating income(1) – North Dakota continuing operations	**$2,511**	$2,262	11%	**$9,782**	$8,861	10%
General and administrative expenses ("G&A")	**(1,155)**	(721)	60%	**(2,932)**	(2,371)	24%
Bad debt expense	**-**	-	-	**(19)**	-	100%
EBITDA (1) continuing operations	**$1,356**	$1,541	-12%	**$6,831**	$6,490	5%
Other income and expenses						
Depreciation	**(624)**	(540)	16%	**(2,309)**	(1,979)	17%
Amortization	**(17)**	(16)	6%	**(65)**	(64)	2%
Impairment	**-**	(470)	-100%	**-**	(470)	-100%
Finance costs	**(121)**	(208)	-42%	**(631)**	(1,050)	-40%
Share-based payments	**(2)**	(5)	-60%	**(15)**	(46)	-67%
Bargain purchase gain	**-**	-	-	**750**	-	100%
Loss on disposition of joint operation interest	**-**	-	-	**(375)**	-	100%
Foreign exchange gain (losses)	**(1,532)**	444	-445%	**(1,923)**	378	-609%
Gain on disposal of property, plant and equipment - net	**-**	6	-100%	**20**	15	33%
Gain on loan payable forgiveness	**-**	-	-	**-**	20	-100%
Gain on abandonment	**-**	19	-100%	**-**	19	-100%
Income tax expense	**(2)**	(1)	100%	**(10)**	(8)	25%
Net income (loss) from continuing operations	**$(942)**	$770	-222%	**$2,273**	$3,305	-31%
Income from discontinued operation	**-**	-	-	**-**	502	-100%
Net income (loss)	**$(942)**	$770	-222%	**$2,273**	$3,807	-40%

(1) Refer to "Non-GAAP Measures" on Page 29 for additional information.

EBITDA from continuing operations for the twelve months ended December 31, 2024, increased 5% to $6,831,000 from $6,490,000 for 2023, mainly due to lower operating costs and royalties (down 6% year-over-year) and stronger recovered oil sales revenue (up 2% year-over-year), partially offset by higher general and administrative expenses. General and administrative expenses increased to $2,932,000 from $2,371,000, mainly due to a one-time compensation expense recorded in the fourth quarter and higher professional fees.

Q4 2024 EBITDA from continuing operations decreased 12% to $1,356,000 from $1,541,000 for Q4 2023, mainly due to higher general and administrative ("G&A") expenses. *Please see* **G&A Expenses** *on Page 20.*

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 three and twelve months ended December 31, 2024, operating income increased 11% and 10% to $2,511,000 and $9,782,000, respectively, from $2,262,000 and $8,861,000 for the comparable 2023 three- and twelve-month periods, respectively. The increase in operating income was primarily a result of lower operating costs and royalties, with the operating income margin improving to 48% for 2024 from 44% for 2023. *Please see "Operating Costs and Royalties "on Page 6*.

The New Town, Watford City and Epping SWD facilities recorded operating income increases of 50%, 75% and 91%, respectively, between the two years under review. Operating income for the Tioga SWD facility was constant for the twelve months ended December 31, 2024, versus the prior year, while operating income for the Ross SWD facility decreased 25% year-over-year due to decreased activity in the area, particularly in the second and third quarters of 2024. Operating income at Alexander decreased 75% due to the temporary two-month shut-down of the facility in Q3 2024 to complete a well workover. At the newly acquired Killdeer SWD facility, operating losses of $135,000 and $149,000 were recorded for the three and twelve months ended December 31, 2024, respectively, due to a three-month shutdown to complete a well workover.

Volumes:

Oil and gas producers continue to be active across the North Dakota Bakken with the current rig count at 33 rigs, unchanged from 33 rigs a year ago. In 2024, the steady rig count and the related well completion activity led to oil volumes increasing 8% to 87,909 barrels for the twelve months ended December 31, 2024, from 81,504 barrels for the prior year. The newly acquired Killdeer SWD accounted for 2,694 barrels (net to White Owl) of the year-over-year increase in recovered oil volumes. Significantly, year-over-year oil volumes increased by 9,000 barrels at the Watford City SWD facility and by 1,700 barrels (net to White Owl) at the Epping SWD facility. Oil volumes decreased year-over-year at White Owl's other facilities with the Ross SWD facility lower by 4,200 barrels, New Town SWD by 1,400 barrels and Tioga SWD by 1,500 barrels. Since the year end 2024, disposal and oil volumes have increased significantly at the Ross SWD facility due to increased producer activity commencing in the fourth quarter.

Q4 2024 recovered oil volumes totaled 21,081 barrels, down marginally from 21,267 barrels for Q4 2023. Q4 2024 disposal volumes increased 3% to 42,214 bpd from 40,765 bpd for Q4 2023, while for the twelve months ended December 31, 2024, disposal volumes averaged 40,699 bpd, slightly lower than the 41,127-bpd recorded for 2023. 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.

Disposal volume increases were recorded by the Watford City SWD facility (up 1,600 bpd year-over-year) due to improved producer activity in the area and by the New Town SWD facility (up 1,300 bpd) mainly due to the temporary shut-down of a competing SWD facility for maintenance. While year-over-year disposal volumes remained constant at the Tioga SWD facility, the Ross SWD facility recorded a decrease of 2,900 bpd due to slow producer activity in the area in the second and third quarters of 2024, as previously mentioned. Despite a very strong increase in Epping SWD facility disposal volumes in December 2024 which has continued into 2025 to date, there was a year-over-year decrease of 740 bpd (net to White Owl). The newly acquired Killdeer SWD facility contributed 839 bpd (net to White Owl) for the seven-month period June 1, 2024 (when White Owl acquired its working interest) to December 31, 2024.

Non-hazardous industrial water disposed at the Alexander facility is included in total fluid disposal volumes mentioned above and decreased 34% to 93,247 barrels for the twelve months ended December 31, 2024, from 140,748 barrels for the prior year. The decrease is due to the temporary shut-down of the Alexander facility for the months of August and September 2024 to complete a well workover. Also, well capacity limitations developed in mid-2023 which have endured despite the application of several acid programs. (*Please see* "**Alexander Class 1 Facility**" *on Page 12*).

Revenue and Pricing:

As of January 1, 2025, a price increase of 10% for most customers was implemented for production water after several years of flat pricing. In addition, pricing for flowback water increased by 8%.

For the twelve months ended December 31, 2024, total revenue was $20,478,000, a slight increase from $20,262,000 recorded in 2023. Oil sales revenue increased 2% to $7,692,000 for 2024 from $7,510,000 for 2023, as the 8% increase in volumes was partially offset by a 5% decrease in the net realized oil price.

Disposal revenue remained relatively constant at $12,169,000 for 2024 compared to $12,314,000 for 2023, matching the year-over-year change in disposal volumes. Disposal revenue unit pricing for the full range of disposal services averaged $0.82 per barrel, unchanged from 2023.

Total revenue for Q4 2024 decreased 2% to $5,143,000 from $5,273,000 for Q4 2023, mainly due to oil sales decreasing 9% to $1,757,000 from $1,923,000. The lower oil sales revenue is due to a 1% decrease in oil volumes combining with a 7% decrease in net realized oil price. Also impacting total revenue for Q4 2024 was a decrease of $199,000 in the Alexander facility's revenue from Q4 2023 due to the temporary shut-down of the Class 1 business for well repairs and lower levels of leachate because of dry weather conditions.

Recovered oil sales continue to be a material component of revenues and accounted for 34% and 38% of total revenue for the three and twelve months ended December 31, 2024, respectively, similar to 36% and 37%, respectively, for the comparable 2023 periods.

The Corporation's netback oil price for the twelve months ending December 31, 2024, decreased 6% to US$64.01 from US$68.24 for the year 2023. The Corporation's netback oil price decreased 10% to US$59.45 per barrel for Q4 2024 from US$66.38 per barrel for Q4 2023. 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 negative US$2.77 per barrel for 2024 compared to a positive differential of US$0.16 per barrel for 2023. The Q4 2024 differential was negative US$2.03 per barrel compared to negative US$1.77 per barrel for Q4 2023.

Other revenue which includes overhead recoveries for management of joint venture operations and interest earned on cash deposits, increased 52% to $187,000 for Q4 2024 from $123,000 for Q4 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 15 for more information on the **Killdeer SWD JV Facility**).*

For the twelve months ending December 31, 2024, other revenue increased 41% to $617,000 from $438,000 for the prior year mainly due to the addition of Killdeer.

Operating Costs and Royalties:

Operating costs and royalties per barrel decreased 15% to $0.68 ($2,632,000) for Q4 2024 from $0.80 ($3,011,000) for Q4 2023, mainly because of lower solids disposal costs (down by $0.05 per barrel), lower repairs and maintenance (down by $0.04 per barrel). In addition, Q4 2023 included well workover costs of $0.04 per barrel for the New Town SWD facility.

Operating costs and royalties decreased 5% to $0.72 per barrel ($10,696,000) for the twelve months ended December 31, 2024, from $0.76 per barrel ($11,401,000) in 2023, mainly due to lower repairs and maintenance costs which decreased by $0.05 per barrel, year-over year.

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 18.

REVENUE AND OPERATING INCOME (LOSS) BY FACILITY

	Three months ended December 31,			**Twelve months ended December 31,**		
($000's)	**2024**	2023	%	**2024**	2023	%
Oilfield waste disposal and oil sales						
New Town	**1,015**	1,176	-14%	**5,169**	4,993	4%
Watford City	**1,166**	1,070	9%	**4,645**	3,500	33%
Ross	**1,573**	1,515	4%	**5,602**	6,986	-20%
Alexander	**169**	368	-54%	**825**	1,042	-21%
Tioga JV	**575**	712	-19%	**2,088**	2,203	-5%
Killdeer JV	**80**	-	100%	**411**	-	100%
Epping JV	**378**	309	22%	**1,121**	1,100	2%
	4,956	5,150	-4%	**19,861**	19,824	0%
Other revenue	**187**	123	52%	**617**	438	41%
Total revenue	**5,143**	5,273	-2%	**20,478**	20,262	1%
Operating income (loss) from continuing operations						
New Town	**465**	437	6%	**2,625**	1,749	50%
Watford City	**563**	518	9%	**2,534**	1,452	75%
Ross	**890**	600	48%	**2,687**	3,564	-25%
Alexander	**6**	188	-97%	**118**	468	-75%
Tioga JV	**318**	332	-4%	**925**	967	-4%
Killdeer JV	**(135)**	-	-100%	**(149)**	-	-100%
Epping JV	**217**	64	239%	**425**	223	91%
Other revenue	**187**	123	52%	**617**	438	41%
Operating income (1) from continuing operations	**2,511**	2,262	11%	**9,782**	8,861	10%
Operating loss (1) discontinued operation	**-**	-	-	**-**	(29)	-100%
Total operating income (1)	**2,511**	2,262	11%	**9,782**	8,832	11%

(1) Refer to "Non-GAAP Measures" on Page 29 for additional information.

New Town SWD Facility

Environmental and Safety:

There were no spills, environmental incidents, or safety incidents in the three and twelve months ended December 31, 2024, and 2023.

Operating Income:

Operating income increased 50% for the twelve months ended December 31, 2024, to $2,625,000 from $1,749,000 for the prior year, mainly due to lower operating costs and royalties (down 22%) and increased disposal volumes (up 11%).

Q4 2024 operating income increased 6% to $465,000 from $437,000 for Q4 2023 mainly due to lower repairs and maintenance costs. *Please see "Volumes" and "Operating Costs and Royalties" below.*

Volumes:

Disposal volumes increased 11% to 13,466 bpd for the year ended December 31, 2024, from 12,183 for 2023 mainly due to the increased producer activity and a temporary diversion of disposal volumes from a neighboring SWD facility in the July to October 2024 period. Q4 2024 disposal volumes decreased 5% to 10,631 bpd from 11,192 bpd for Q4 2023. Since year end, volumes have trended lower with the neighboring SWD facility returning to operation in Q4 2024, resulting in disposal volumes decreasing to approximately 7,000 – 8,000 bpd in Q1 2025.

Oil recovery can vary from month to month and depends on the mix of production and flowback volumes. For the three and twelve months ended December 31, 2024, recovered oil sales decreased to 4,231 barrels and 21,266 barrels, respectively, from 5,664 barrels and 22,627 barrels for the 2023 comparable periods, respectively.

Flowback continues to be weak at this site because there is competitive pressure from two adjoining SWD facilities where the competitors price flowback at production water prices. That said, flowback volumes doubled to 268 bpd for the year ending December 31, 2024, from 133 bpd for 2023.

Revenue and Pricing:

For the twelve months ending December 31, 2024, total revenue increased 4% to $5,169,000 from $4,993,000 for 2023, as disposal revenues increased 13% to $3,313,000 from $2,937,000 for 2023, approximately matching the increase in year-over-year disposal volumes. Q4 2024 disposal revenues decreased 3% to $664,000 from $679,000 for Q4 2023, matching the decrease in disposal volumes between the quarters.

Lower oil volumes and prices resulted in oil revenue decreasing to $352,000 and $1,856,000 for the three and twelve months ended December 31, 2024, respectively, from $497,000 and $2,056,000 for the 2023 comparable periods, respectively.

Operating Costs and Royalties:

Operating costs and royalties decreased 26% to $550,000 for the three months ending December 31, 2024, from $739,000 for Q4 2023. On a unit basis, operating costs decreased to $0.56 per barrel for Q4 2024 from $0.72 per barrel for Q4 2023 mainly due to the prior year quarter including well workover costs.

Operating costs and royalties decreased 22% to $2,544,000 ($0.52 per barrel) for the twelve months ending December 31, 2024, from $3,244,000 ($0.73 per barrel) for the twelve months ending December 31, 2023. The decrease in per unit operating costs was mainly due to lower repairs and maintenance expenses which decreased to $0.08 per barrel in 2024 from $0.22 per barrel in 2023. Repairs and maintenance expense for 2023 included well workover costs of $512,000, or $0.12 per barrel.

Capital Projects:

Capital projects for the three and twelve months ended December 31, 2024, totaled $34,000 and $855,000, respectively. In 2024, a permanent 800-hp horizontal pump and PLC were purchased to replace the temporary 600-hp rental pump. This project resulted in increased plant capacity of approximately 3,000 bpd.

Watford City SWD Facility

Environmental and Safety:

There were no spills, environmental incidents, or safety incidents in the three and twelve months ended December 31, 2024, and 2023.

Operating Income:

For the twelve months ended December 31, 2024, operating income increased 75% to $2,534,000 from $1,452,000 for the prior year, mainly due to significantly higher oil and disposal revenue, with operating costs and royalties remaining relatively flat between the two years. Oil and disposal revenue increased year-over-year by $722,000 and $431,000, respectively.

Q4 2024 operating income increased 9% to $563,000 from $518,000 for Q4 2023, as increased disposal volumes and revenues more than offset lower oil revenues.

Volumes:

In 2024, business improved at the Watford City SWD facility. Increased drilling and completion activity in the area, combined with a change in customer mix, has led to recovered oil increasing 58% to 24,530 barrels for the twelve months ended December 31, 2024, from 15,522 barrels for 2023. In Q4 2024, recovered oil sales remained relatively constant at 4,754 barrels versus 4,922 barrels for Q4 2023.

Disposal volumes for the twelve months ended December 31, 2024, increased 21% to 9,061 bpd from 7,514 bpd for prior year, while Q4 2024 disposal volumes increased 43% to 11,341 bpd from 7,919 bpd for Q4 2023.

Revenues and Pricing:

Total revenue for the twelve months ended December 31, 2024, increased 33% to $4,645,000 from $3,500,000 for 2023. The increase is mainly due to recovered oil revenue increasing 51% to $2,150,000 for 2024 from $1,428,000 for 2023. The significantly higher oil volumes more than offset a 7% decrease in the net oil price between the two years. Disposal revenue increased 20% to $2,495,000 for 2024 from $2,072,000 for 2023, matching the year-over-year increase in disposal volumes.

For Q4 2024, total revenue increased 9% to $1,166,000 from $1,070,000 for Q4 2023, with disposal revenue increasing 25% to $773,000 from $617,000 for Q4 2023. The increase in disposal revenue more than offset lower oil revenue which decreased 13% to $393,000 from $453,000 for Q4 2023, mainly due to a lower net realized oil price.

Operating Costs and Royalties:

Even though year over year volumes increased 21%, there was little change in operating costs and royalties with these costs totaling $2,111,000 (or $0.64 per barrel) for the twelve months ended December 31, 2024, versus $2,048,000 (or $0.75 per barrel) for the prior year. The lower unit cost in 2024 is mainly due to lower repairs and maintenance expenses, as well as the higher disposal volumes being spread across the fixed component of operating costs.

Similarly, even though disposal volumes increased 43%, operating costs and royalties increased 9% to $603,000 ($0.58 per barrel) for Q4 2024 from $552,000 ($0.76 per barrel) for Q4 2023, again due to the fixed component of operating costs being spread across higher volumes. In addition, the fourth quarter of 2023 included high solids' disposal costs relative to the current quarter.

Capital Projects:

Capital projects at this site totaled $28,000 for the twelve months ending December 31, 2024.

Ross SWD Facility

Environmental and Safety:

There were no spills, environmental incidents, or safety incidents in the three and twelve months ended December 31, 2024, and 2023.

Operating Income:

For Q4 2024, operating income increased 48% to $890,000 from $600,000 for Q4 2023, mainly due to lower operating costs and royalties (down by 25% between the quarters). Please see *"Operating Costs and Royalties"* below.

For the twelve months ended December 31, 2024, operating income decreased 25% to $2,687,000 from $3,564,000 for the prior year, mainly due to slower producer activity in the spring and summer, which resulted in lower oil revenue (down by $536,000 year-over-year, or 19%) and lower disposal revenue (down by $857,000, or 20%).

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. In contrast, producer activity increased later in the year, resulting in Q4 2024 disposal volumes increasing 13% over the prior quarter, Q3 2024.

Disposal volumes increased 4% to 12,281 bpd for Q4 2024 from 11,842 bpd for Q4 2023, while oil sales increased 3% to 7,196 barrels from 6,998 barrels.

For the twelve months ended December 31, 2024, disposal volumes decreased 21% to 10,894 bpd from 13,774 bpd, while oil sales decreased 14% to 25,496 barrels from 29,706 barrels due to the previously mentioned slow producer activity in the spring and summer.

Revenues and Pricing:

Total revenue increased 4% to $1,573,000 for the three months ended December 31, 2024, from $1,515,000 for Q4 2023, matching the increase in disposal volumes. Q4 2024 oil revenue decreased 7%, as volumes increased 3% and the net realized oil price decreased 10% between the two quarters.

For the twelve months ended December 31, 2024, total revenue decreased 20% to $5,602,000 from $6,986,000 for the prior year, mainly due to the previously mentioned slow producer activity in the year. Oil sales decreased 19% to $2,234,000 for 2024 from $2,764,000 for 2023 on lower volumes (down 14%) and a 6% decrease in the year-over-year net realized oil price. Disposal revenue decreased 20% to $3,368,000 for the twelve months ended December 31, 2024, from $4,222,000 for the prior year, matching the year-over-year decrease in disposal volumes.

Operating Costs and Royalties:

Operating costs and royalties decreased 25% to $683,000 ($0.60 per barrel) for Q4 2024 from $915,000 ($0.84 per barrel) for Q4 2023. The decrease was mainly due to lower fixed costs across several categories including injection pump rental costs, insurance, salaries and benefits, as well as lower repairs and maintenance and utilities expenses between the two quarters.

For the twelve months ended December 31, 2024, operating costs and royalties decreased 15% to $2,915,000 from $3,422,000 for the prior year. On a per barrel basis, operating costs increased to $0.73 per barrel from $0.68 per barrel for 2023. This increase was a result of lower disposal volumes (down 21% year-over-year) being spread across the fixed component of operating costs. In addition, a replacement desand tank was installed in February 2024.

Capital Projects:

Capital projects for the twelve months ended December 31, 2024, totaled $937,000, mostly comprising the purchase and installation of a permanent 800-hp horizontal pump and PLC to replace the two temporary rental pumps. This project was completed in January 2025 and will provide increased injection capacity of about 3,000 bpd in anticipation of higher disposal volumes.

Alexander Class 1 Facility

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 customers will need to use licensed Class 1 disposal. During 2022 and 2023, 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 customers 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 twelve months ended December 31, 2024, and 2023.

Operating Income:

In August and September 2024, the well was shut in for repairs to the tubing. This is normally a busy period for this facility, so the two-month shut-down resulted in operating income decreasing to $118,000 for the twelve months ended December 31, 2024, from $468,000 for the 2023 year. In addition, the workover led to higher operating costs for the year (please see *"Operating Costs and Royalties"* below).

Dry weather conditions in the summer and fall of 2024 led to low leachate disposal volumes in the fourth quarter, resulting in a decrease in operating income to $6,000 from $188,000 for Q4 2023.

Volumes:

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.

For the twelve months ended December 31, 2024, volumes decreased 34% to 93,247 barrels from 140,748 barrels for the 2023 year due to the temporary halt in operations in Q3 2024 to complete a workover, as well as a weak fourth quarter compared to 2023's comparable quarter, due to dry weather conditions. As a result, Q4 2024 volumes decreased to 18,697 barrels from 43,207 barrels for Q4 2023.

Revenues and Pricing:

For the twelve months ended December 31, 2024, total revenue decreased 21% to $825,000 from $1,042,000 for the prior year. Pricing increased 18% year-over-year due to price increases implemented in late 2023 and helped mitigate the impact of the decrease in injection volumes. Q4 2024 total revenue decreased to $169,000 from $368,000 due to the lower volumes. *Please see* "*Volumes*" *above*.

Operating Costs and Royalties:

For the twelve months ended December 31, 2024, workover costs of $172,000 in Q3 2024 resulted in operating costs and royalties increasing 23% to $707,000 from $574,000 for the prior year. Q4 2024 operating costs and royalties decreased 9% to $163,000 from $180,000 due to lower disposal volumes between the quarters.

Capital Projects:

Capital projects at this site totaled $17,800 for the twelve months ended December 31, 2024.

Tioga SWD JV Facility

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 2 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 twelve months ended December 31, 2024, and 2023.

Operating Income:

There was little change in operating income for the twelve months ended December 31, 2024, at $925,000 versus $967,000 for 2023. Lower oil sales revenue more than offset lower operating costs and royalties, while revenue for trucked, pipeline and flowback water remained relatively constant between the two years. Please see *"Volumes"* and *"Revenues and Pricing"* below.

Similarly, there was little change in Q4 2024 operating income, at $318,000 versus $332,000 for Q4 2023, as lower disposal revenue and oil sales were mainly offset by lower operating costs and royalties.

Volumes:

Disposal volumes increased slightly to 8,167 bpd for the twelve months ended December 31, 2024, from 8,016 barrels for 2023. Notably, pipeline volumes totaled 2,835 bpd, or 35% of total disposal volumes for 2024 versus negligible pipeline volumes for 2023.

Disposal volumes decreased 37% to 7,474 bpd for Q4 2024 from 11,844 bpd for Q4 2023, mainly due to lower producer activity. Pipeline volumes totaled 2,753 bpd, or 37% of total disposal volumes for the quarter, versus 499 bpd for Q4 2023.

Oil recovery can vary from month to month and depends on the mix of production and flowback volumes. This is evident where the higher rate of pipeline volumes in 2024 resulted in a decrease in recovered oil volumes as there is little oil to be recovered from pipeline water. Oil volumes decreased 13% to 21,549 barrels for the twelve months ended December 31, 2024, from 24,681 barrels for 2023.

However, the increased pipeline water content in Q4 2024 had little impact on recovered oil volumes which totaled 7,091 barrels, an increase of 9% from 6,502 barrels in Q4 2023.

Revenues and Pricing:

Total revenue, net to White Owl, decreased 5% to $2,088,000 for the twelve months ended December 31, 2024, from $2,203,000 for the 2023 year, as higher disposal revenue was more than offset by lower oil sales. Disposal revenue increased 6% to $1,204,000 for 2024 from $1,133,000 for 2023, due to a 2% increase in disposal volumes combining with a 4% increase in pricing for trucked-in volumes. Recovered oil revenue decreased 17% to $884,000 between the two years, as oil volumes decreased 13% and the netback price was 5% lower.

Q4 2024 total revenue, net to White Owl, decreased 19% to $575,000 from $712,000 for Q4 2023. Disposal revenues decreased 33% to $296,000 from $441,000, mainly due to the lower disposal volumes (down 37% between the quarters). Oil revenue increased 3% to $279,000 for Q4 2024 from $271,000 for Q4 2023, as a 9% increase in oil volumes mostly offset a 6% lower netback price.

Operating Costs and Royalties:

Operating costs and royalties decreased 6% to $1,163,000 for the twelve months ended December 31, 2024, from $1,236,000 for the prior year. On a per barrel basis, operating costs decreased to $0.83 per barrel for 2024 from $0.90 per barrel for 2023, even though disposal volumes remained relatively flat (up 2% between the two years). The decrease in per-unit operating costs is mainly due to reduced pump maintenance expenses after 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. Plans are being developed to replace the rental pump with a permanent horizontal pump and PLC in 2025.

Q4 2024 operating costs and royalties decreased 32% to $257,000 ($0.80 per barrel) from $380,000 ($0.74 per barrel) for Q4 2023, approximately matching the 37% decrease in disposal volumes between the quarters.

Capital Projects:

There was $7,800 capital spent at this facility for the twelve months ended December 31, 2024. 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 permanent horizontal pump in 2025.

Killdeer SWD JV Facility

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 US$200,000 to North Dakota SWD Well #1, LLC ("ND SWD Well #1") and committing to spend an additional US$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 US$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 will be US$500,000 to earn 25% interest in the Killdeer JV's assets and liabilities.

During August, the Killdeer JV injection well was shut in for repairs. The well had incurred significant damage over the past two 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 totaled US$1.4 million (gross), ND SWD Well #1 paid 75% of these costs, with the net cost to White Owl totaling US$175,000.

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 US$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 twelve months ended December 31, 2024, there were no reportable spills, environmental incidents or safety incidents.

Operating Income:

For the three and twelve months ended December 31, 2024, this facility recorded an operating loss of $135,000 and $149,000, respectively, net to White Owl, due to the shutting-in of the facility in mid-August 2024 for well repairs, as discussed above. Please see *"Volumes"* and "*Revenues and Pricing"* below.

Volumes:

Killdeer is a busy area with six drilling rigs currently operating within five to fifteen 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. For example, the plant improvements include expenditures to facilitate faster truck offloading. As a result, White Owl is anticipating disposal volumes and recovered oil to increase in the second half of 2025 once the investment in capital and maintenance previously deferred by the former owners is completed.

For the three months ended December 31, 2024, gross fluid disposal volumes totaled 3,607 bpd, up from 1,610 bpd (gross) for the previous quarter. Q4 2024 gross oil sales volumes totaled 891 barrels, down from 2,757 barrels (gross) for the previous quarter.

Revenues and Pricing:

Since acquiring the working interest in the Killdeer JV on June 1, 2024, revenue totaled $411,000 for the seven months ended December 31, 2024. Oil sales accounted for $237,000, with disposal revenue accounting for $174,000.

Operating Costs and Royalties:

Operating costs and royalties totalled $560,000 for the seven months ended December 31, 2024, with the main expense being a well workover costing $175,000.

Capital Projects:

From June 1, 2024, to December 31, 2024, capital expenditures totaled $562,000.

Epping SWD JV Facility

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

Environmental and Safety:

For the three and twelve months ended December 31, 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 $19,000.

Operating Income:

Operating income increased 91% to $425,000 for the twelve months ended December 31, 2024, from $223,000 for 2023, mainly due to stronger oil sales in the fourth quarter and lower operating expenses and royalties, which more than offset lower disposal revenues.

Q4 2024 operating income more than tripled to $217,000 from $64,000 for Q4 2023 as recovered oil revenues almost doubled and operating costs and royalties decreased by $85,000 between the quarters. Please see "*Revenues and Pricing*" and *"Operating Costs and Royalties"* below.

Volumes:

Several producers were very active in the area in the second half of 2024, resulting in a 50% increase in disposal volumes for Q4 2024 compared to the previous quarter, Q3 2024. Notably, the pipeline connected customer has requested a significant increase in Epping disposal capacity commencing in late 2025.

Disposal volumes averaged 9,553 bpd for the three months ended December 31, 2024, with the month of December averaging 12,264 bpd. In particular, oil-rich flowback volumes increased five-fold to 1,326 bpd from 257 bpd in the prior year quarter, resulting from increased well completion activity. Therefore, recovered oil volumes more than doubled to 3,845 barrels for Q4 2024 from 1,798 barrels for Q4 2023.

Flowback volumes doubled for the twelve months ended December 31, 2024, leading to oil volumes increasing 85% to 10,843 barrels for 2024 from 5,862 barrels for 2023. With disposal volumes recovering to exit the year at 12,000 bpd, disposal volumes averaged 7,888 bpd for 2024, down from 10,005 bpd for 2023.

Revenues and Pricing:

Total revenue for the twelve months ended December 31, 2024, remained constant at $1,121,000 versus $1,100,000 for 2023, as the increase in oil revenues (oil volumes up 85% year-over-year) offset lower disposal revenues (disposal volumes down 21% year-over-year). There was no change in disposal pricing year-over-year, while the net realized oil price decreased 4% between the two years.

Total revenue increased 22% to $378,000 for Q4 2024 from $309,000 for Q4 2023, due to the previously mentioned increased producer activity in the second half of the year. Oil revenue almost doubled to $112,000 for Q4 2024 from $57,000 for Q4 2023, while higher flowback revenues more than offset lower revenues from production water.

Operating Costs and Royalties:

Q4 2024 operating costs and royalties decreased 34% to $161,000 ($0.52 per barrel) from $245,000 ($0.70 per barrel) for Q4 2023. The decrease is mainly due to lower repairs and maintenance and decreased costs for chemicals and filters. In addition, labour costs decreased when the site went from having an operator onsite 24 hours per day to 12 hours per day commencing in April 2024 due to low volumes. Since December 2024, the facility returned to full staffing levels since disposal volumes have increased significantly.

For the twelve months ended December 31, 2024, operating costs and royalties decreased 21% to $696,000 ($0.68 per barrel) versus $877,000 ($0.69 per barrel) for 2023, consistent with the year-over-year decrease in disposal volumes.

Capital Projects:

Capital expenditures totaled $70,000 for the twelve months ended December 31, 2024, comprising the installation of a sump collection system for the truck offloads, which was completed in the second quarter of 2024. 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 twelve months ended December 31, 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 White Owl. On November 23, 2024, the buyer extended the timing of the liquidity event to on or before November 23, 2026. In return, the Company forgave $19,367 in trade and other receivables due from the buyer which are recognized as bad debt expense in comprehensive income. As of May 24, 2023, December 31, 2023, and December 31, 2024, the Company has not recorded a contingent asset with regard to 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.

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Net Income from Discontinued Operation:

For the three and twelve months ended December 31, 2024, the Corporation recorded net income from discontinued operation of nil versus nil and $502,000 for the three and twelve months ended December 31, 2023, respectively.

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

OTHER REVENUE

Other revenue includes operational, administration and capital fees charged by White Owl for services provided by White Owl to the Tioga JV, Killdeer JV and Epping JV, as well as interest earned on cash deposits. Other revenue for Q4 2024 increased 52% to $187,000 from $123,000 for Q4 2023, mainly due to overhead recovery fees for management of the Killdeer JV, of which White Owl became the operator effective June 1, 2024. For the twelve months ended December 31, 2024, other revenue increased 41% to $617,000 from $438,000 for 2023, also due to overhead recovery fees for the management of the Killdeer JV.

G&A EXPENSES

($000's)	**Three months ended December 31, 2024**	2023	**Twelve months ended December 31, 2024**	2023
Salaries and management	**900**	574	**2,013**	1,575
Professional Fees	**100**	29	**382**	298
Travel and related expenses	**42**	20	**121**	86
General office expenses	**87**	88	**339**	340
Third party consulting fees	**26**	10	**77**	72
Total from continuing operations	**1,155**	721	**2,932**	2,371
Discontinued operation	**-**	-	**-**	5
Total	**1,155**	721	**2,932**	2,376

Q4 2024 G&A expenses from continuing operations increased to $1,155,000 from $721,000 for Q4 2023, mainly due to a one-time compensation expense and higher professional fees.

For the twelve months ended December 31, 2024, G&A expenses from continuing operations increased to $2,932,000 from $2,376,000 for 2023, mainly due to the one-time compensation expense recorded in the fourth quarter. In addition, professional fees were higher for the current year due to increased legal expenses in relation to the execution on June 26, 2024, of a Capital Reorganization Term Sheet with representatives of the Company's preferred shareholders *(please see* "**Corporate Review**" *on Page 28*.

DEPRECIATION

Depreciation from continuing operations increased for the three and twelve months ended December 31, 2024, mainly due to the Corporation acquiring an interest in the Killdeer SWD in June 2024. As a result, depreciation from continuing operations increased to $624,000 for Q4 2024 from $540,000 for Q4 2023 and increased to $2,309,000 from $1,979,000 year-over-year. Please see **"Investing Activities"** on Page 24.

IMPAIRMENT

At December 31, 2024, White Owl evaluated its property, plant and equipment for indicators of any potential impairment or related reversal. No indicators were identified, and no impairment or related reversal was recorded on property, plant and equipment assets.

At December 31, 2023, White Owl evaluated its property, plant and equipment for indicators of any potential impairment or related reversal. The Company completed an impairment test on certain potential future business development properties as management now does not plan to pursue or develop these properties. The recoverability of these assets was assessed at $nil. As a result of the impairment test performed, the Company recognized an impairment expense of $470,406 against land and property, plant and equipment for the year ended December 31, 2023.

No indicators were identified, and no impairment or related reversal was recorded on North Dakota CGUs' property, plant and equipment assets.

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FINANCE COSTS

($000's)	Three months ended December 31, 2024	2023	Twelve months ended December 31, 2024	2023
Interest on long-term debt	**67**	128	**350**	725
Interest on lease liabilities	**8**	4	**21**	14
Accretion of decommissioning obligations	**16**	14	**60**	54
Accretion of transaction costs	**34**	51	**164**	167
Interest (income) expenses, bank charges and other	**(4)**	11	**36**	90
Total from continuing operations	**121**	208	**631**	1,050
Discontinued operation	**-**	-	**-**	10
Total	**121**	208	**631**	1,060

For the three months ended December 31, 2024, the Company's average interest rate on the senior lender's long-term debt was 10.60% compared to 11.35% for Q4 2023. For the twelve months ended December 31, 2024, the Company's average interest rate on the senior lender's long-term debt was 11.17% compared to 10.50% for 2023. The interest rate is calculated at the US dollar floating interest rate plus 1.50%.

For the three months ended December 31, 2024, interest on long-term debt decreased to $67,000 from $128,000 for Q4 2023 due to lower outstanding term debt and interest rate. The average outstanding debt decreased to US$1.8 million for Q4 2024 from US$3.3 million for Q4 2023.

For the twelve months ended December 31, 2024, interest on long-term debt decreased to $350,000 from $725,000 for 2023, again due to lower outstanding term debt and interest rate. The average outstanding debt decreased to US$2.4 million for the twelve months ended December 31, 2024, from US$5.5 million for 2023.

FOREIGN EXCHANGE GAINS AND LOSSES

Foreign exchange gains and losses reflect the impact of changes in exchange rates on US dollar cash balances and intercompany loans. For the three months ending December 31, 2024, the Company recorded foreign exchange losses of $1,532,000 compared to foreign exchange gains of $444,000 for Q4 2023. For the twelve months ending December 31, 2024, the Company recorded foreign exchange losses of $1,923,000 compared to gains of $378,000 for 2023.

The average exchange rate for Q4 2024 was 1.3990 compared to 1.3619 for Q4 2023. The average exchange rate for the twelve months ending December 31, 2024, was 1.3700 compared to 1.3497 for 2023.

SHARE-BASED PAYMENTS

Share-based payments relate to the amortization of the fair value of stock options issued to management, employees and directors of the Company. For the three months ending December 31, 2024, the Company recorded share-based payments of $2,000 compared to $5,000 for Q4 2023. For the twelve months ending December 31, 2024, the Company recorded share-based payments of $15,000 compared to $46,000 for 2023. The decrease in share-based payments expense is primarily due to a decrease in unvested options in 2024.

SUMMARY OF QUARTERLY RESULTS FROM CONTINUING OPERATIONS

($000's)	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Revenue	$5,143	$4,962	$5,094	$5,279	$5,273	$5,834	$4,802	$4,353
EBITDA (1)	1,356	1,675	1,705	2,094	1,541	1,884	1,651	1,414
Net income from continuing operations	942	1,216	1,118	881	770	685	1,184	666
Net income (loss) from discontinued operation	-	-	-	-	-	-	558	(56)

(1) Refer to "Non-GAAP Measures" on Page 29 for additional information.

The decrease in net income from continuing operations to $942,000 for Q4 2024 is mainly the result of the recording of an exchange loss. The increase in net income from continuing operations to $1,216,000 for Q3 2024 from $1,118,000 for Q2 2024 is mainly due to lower operating costs and royalties. The increase in net income from continuing operations to $1,118,000 for Q2 2024 from $881,000 for Q1 2024 is mainly due to a bargain purchase gain of $750,000 related to the Company's investment in the Killdeer JV effective June 1, 2024. This bargain purchase gain was partially offset by a loss of $375,000 related to the White Owl's disposition of 50% of its participating interest in the Killdeer JV, also effective June 1, 2024. The increase in net income from continuing operations to $881,000 for Q1 2024 from $770,000 for Q4 2023 is mainly due to increased oil revenues, partially offset by foreign exchange losses. The decrease in net income from continuing operations to $770,000 for Q4 2023 and $685,000 for Q3 2023 from $1,184,000 for Q2 2023 is mainly due to an impairment charge of $470,000 recorded in Q4 2023 and a foreign exchange loss recorded in Q3 2023, compared to a foreign exchange gain of $335,000 recorded in Q2 2023. The increase in net income from continuing operations to $1,184,000 for Q2 2023 from $666,000 for Q1 2023 is mainly due to increased disposal revenue and a gain of $566,000 on disposition of a subsidiary (please see **Canada** on Page 18).

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Company will not be able to meet financial obligations as they become due. The Company manages its liquidity risk through cash and debt management combined with equity financing when available. Management's assessment of the Company's liquidity reflects estimates, assumptions and judgments relating to current market conditions. The Company funds its operations, acquisitions and capital programs through a combination of cash from operating activities, equity, bank debt, loans payable and promissory notes. The Company's objective in the management of its capital resources is to secure adequate sources of capital to fund capital investments, while ensuring that sufficient operating cash flow is available to sustain and grow the operating business.

Investing Activities

	Three months ended December 31		Twelve months ended December 31	
($000's)	**2024**	2023	**2024**	2023
Additions to property, plant and equipment	**357**	904	**2,325**	1,916
Proceeds from sale of property, plant and equipment	**-**	-	**(20)**	(13)
Total capital expenditures	**357**	904	**2,305**	1,903

Capital Expenditures:

Capital expenditures for the three months ended December 31, 2024, totaled $357,000 compared to $904,000 for Q4 2023, with the current quarter including injection pump upgrade costs of $220,000 for the Ross SWD facility. Capital expenditures for the twelve months ended December 31, 2024, totaled $2,325,000, and include injection system upgrade costs of $937,000 and $855,000 for the Ross SWD and New Town SWD facility, respectively, $213,000 for additions to spare parts inventory, $166,000 for additions to field track and bobcat equipment and $57,000 for installation of sump pumps at the Epping SWD facility. The injection systems at the Ross SWD and New Town SWD facilities were upgraded with the purchase and installation of a permanent 800-hp horizontal pump to replace the temporary 600-hp rental pumps. Please see *"Capital Projects"* for the New Town SWD and Ross SWD facilities on Pages 9 and 12, respectively.

Financing Activities

Share Capital:

Shares issued and outstanding (000's)	**Common shares**	**Amount ($000)**	**Preferred shares**	**Amount ($000)**	**Total**	**Amount ($000)**
Balance December 31, 2023	65,633	$21,118	26,469	$12,353	92,102	$33,471
Issuance on exercise of share options	2,902	248	-	-	2,902	248
Balance December 31, 2024	68,535	$21,366	26,469	$12,353	95,004	$33,719

As at December 31, 2024, there were 4,000,000 (December 31, 2023 – 4,000,000) common shares held in escrow.

Share Options

There were 3,431,000 share options outstanding as of December 31, 2024 (December 31, 2023 – 6,633,000), with a weighted average exercise price of $0.05 (December 31, 2023 - $0.05) per share. During the three- and twelve-months ending December 31, 2024, nil share options were granted to employees, management and directors of the Company, 300,000 share options were forfeited, and nil share options expired.

On April 12, 2024, 1,000,000 share options were exercised by an executive and director of the Corporation at an exercise price of $0.05 per share, for total proceeds of $50,000. In December 2024, 1,902,000 share options were exercised by directors, management and employees of the Corporation at an exercise price of $0.05 per share, for total proceeds of $95,000.

On January 1, 2025, the Company granted 3,000,000 options at an exercise price of $0.15 to an executive and director.

Long-Term Debt and Operating Loan

Long-Term Debt:

The Company has a term loan that bears interest on the outstanding principal balance, payable monthly, at the US dollar floating base rate plus 1.50%. Monthly principal payments of US$106,940 are due until maturity. Additional annual principal payments are required for 50% of excess cash flow ("ECF") realized by White Owl to a maximum of US$500,000. The annual ECF limit is calculated as EBITDA less US$350,000 of maintenance capital expenditures and principal and interest payments on long-term debt and operating loan. The annual ECF principal payment is only due up to the amount that would not cause the Company to be in default with the debt covenants and financial requirements of the Company's lenders. Based on the financial results for the year ended December 31, 2024, an additional annual principal payment is payable by the Company in 2025, however the lender has waived the requirement for this payment. An additional annual principal payment equal to the maximum of US$500,000 was paid by the Company on April 1, 2023. The Company is required to maintain at all times a fixed charge coverage ratio equal to or greater than 1.25:1.00. The Company incurred $550,916 in transaction costs related to the issuance which will be amortized over the term of the loan using the effective interest method.

During the year ended December 31, 2023, the Company used its excess cash and cash equivalents to make additional principal prepayments on long-term debt as part of a de-leveraging strategy. As a result, the Company made total principal payments of $5,596,344 (US$4,165,322) for the year ended December 31, 2023, comprising $2,407,775 (US$1,783,280) of scheduled principal payments and $3,188,569 (US$2,382,042) of principal prepayments in accordance with the loan agreement. The additional principal payments resulted in the Company's operating loan Current Ratio financial covenant being less than the minimum requirement as at December 31, 2023, which allows the senior lender to demand full repayment of the outstanding principal. However, as at December 31, 2023, the senior lender agreed to waive the full repayment of the outstanding principal to just the monthly principal payments required under the loan agreement of US$106,940 for a total of US$1,283,280 for the twelve months ended December 31, 2024.

The financial covenant related to the loan agreement is as follows:

Covenant description	**Position at December 31, 2024**	Position at December 31, 2023
Fixed charge coverage ratio	**1.68**	1.56

As at December 31, 2024, the Company was compliant with all covenants provided for in the loan agreement.

Operating Loan:

The Company has a US$1,000,000 revolving demand facility bearing interest, payable monthly, at the US prime rate plus 2.25% ("operating loan"). The total outstanding on the operating loan will not at anytime exceed the lesser of the margin requirements as defined in the loan agreement and US$1,000,000. As at December 31, 2024, the Company's borrowing limit under the operating loan was US$1,000,000 (December 31, 2023 - US$1,000,000). The Company had drawn $nil on the operating loan at December 31, 2024 (December 31, 2023 – $nil).

The following are the financial covenants governing the operating loan, all capitalized terms are defined in the operating loan agreement:

- Quarterly trailing Cash Flow Coverage Ratio of not less than 1.25:1:00;
- Annual Debt to Tangible Net Worth Ratio not greater than 3.00:1.00; and
- Annual Current Ratio not less than 1.25x.

Covenant description	**Position at December 31, 2024**	Position at December 31, 2023
Cash Flow Coverage Ratio	**15.98**	7.37
Debt to Tangible Net Worth Ratio	**0.38**	0.57
Current Ratio	**1.32**	1.00

As at December 31, 2024, the Company was compliant with all covenants provided for in the operating loan agreement.

As at December 31, 2023, the Company was compliant with the Cash Flow Coverage Ratio and the Debt to Tangible Net Worth Ratio financial covenants. During the twelve months ended December 31, 2023, the Company used its excess cash and cash equivalents to make additional principal prepayments on long-term debt as part of a de-leveraging strategy. As a result, the Current Ratio financial covenant was 1.00 as at December 31, 2023, which was below the lender's requirement of 1.25. As at December 31, 2023, the lender acknowledged the early receipt of notice provided by the Company and requires the Company to return to compliance by April 5, 2024. The Company was compliant with all other covenants provided for in the operating loan agreement.

Net Debt To EBITDA:

The following table details the composition of the Corporation's net debt to EBITDA as at December 31, 2024 and December 31, 2023:

Net Debt ($000's , except ratio amounts)	**December 31, 2024**	December 31, 2023
Non-current long-term debt	**567**	2,142
Non-current lease liabilities	**112**	45
Current liabilities	**5,750**	5,420
Current assets	**(7,598)**	(5,443)
Net debt (cash)	**(1,169)**	2,164
EBITDA from continuing operations (trailing twelve months)	**6,831**	6,490
Net debt to EBITDA ratio	**(0.17)**	0.33

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 through efficiencies 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/d per day of liquids rich gas with the rig count at 32 -35 rigs. The change in leadership in the White House has created some uncertainty and will need to be monitored closely. Initial reports show there is no expectation of a material increase or decrease in drilling activities in the North Dakota Bakken play due to the change in leadership or the tariffs. Well permitting continues to remain steady but the main concern for White Owl is the negative effect tariffs will have on operating expenses. We have seen success on increasing our disposal rates going into 2025, now we need to manage the increase in expenses the tariffs may cause so as not to erode the positive impact of the rate increases and possibly more.

We mentioned in the Q3 report that gas production in the Bakken is 3.4 Bcf/d per day of gross associated gas production which is richly saturated with increasing volumes of NGLs (some with more than 9 gallons-per-Mcf, or GPM). With recovered NGL production at over 450,000 barrels per day and increasing, management is seeing opportunity to handle small volumes of field condensate for its customers at its SWD locations. Discussions on this potential opportunity are ongoing.

White Owl's customers continue to maintain that they have 10 years on Tier 1 drilling inventory remaining. Mergers and acquisitions continue and the integration of the companies that did deals in 2024 are occurring going into 2025. A focus on client relations with the acquiring companies is at management's top of mind to ensure transitions do not disrupt White Owl business and possibly provide larger opportunities for us.

Dakota Access Pipeline

No changes this quarter with the Dakota Access Pipeline remaining in limbo and as reported in Q3 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

With a new President and CEO now in place, management has been carefully assessing and budgeting its alternatives for firstly preferred share redemptions and secondly capital expansion. With the balance sheet now strong (net debt of $0), management and the Board of Directors are currently assessing these alternatives to determine what is in the best interests for all stakeholders. The Company has several internal "low hanging fruit" projects that are being assessed based on financial returns, priority, risk and forecasted common share value accretion. Capital allocation will be recommended based on these factors but also considering sources of capital, tolerance for debt capital in uncertain market conditions and return of capital to preferred shareholders. We anticipate being able to advise shareholders of the agreed upon path forward in the Q1 2025 shareholder report.

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 55% of available capacity. Thank you for your commitment and loyalty and for your assistance in achieving strong operating and financial results for the twelve months ended December 31, 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 cheitrich@whiteowl-services.com. We sincerely thank you for this support and confidence in the management and board of White Owl.

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 reflective of 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.

FORWARD-LOOKING INFORMATION

This discussion contains forward-looking information, which is disclosure regarding possible events, conditions or financial performance that is based on assumptions about future courses of action and economic conditions. Such forward-looking information may be identified by words such as "anticipate", "will", "intend", "could", "should", "may", "might", "expect", "forecast", "plan", "potential", "project", "assume", "contemplate", "believe", "budget", "shall", "continue", "milestone", "target", "vision", and similar terms or the negative thereof or other comparable terminology.

The forward-looking information in this discussion is subject to significant risks and uncertainties and is based on a number of material factors and assumptions which may prove to be incorrect, including, but not limited to, the following: corporate strategy; general market conditions; the oil and natural gas industry; activity levels in the oil and gas sector, including market fundamentals, drilling levels, commodity prices for oil and natural gas; demand for the Company's services; operational performance; expansion strategy; debt service; capital expenditures; completion of facilities; the impact of new facilities on the Company's financial and operational performance; future capital needs; and access to capital through equity market and debt markets.

The forward-looking information relies on material assumptions and known and unknown risks and uncertainties, certainty of which are beyond the Company's control. Such risks and uncertainties include, without limitation, the impact of general economic conditions in the United States, Canada and globally; industry conditions; the Company's ability to increase its market share; volatility of commodity prices; delays resulting from an inability to obtain regulatory approvals; an inability to access sufficient capital from internal and external sources; changes in laws and regulations and changes in how they are interpreted and enforced; environmental risks; increased competition; and the lack of qualified personnel or management. Readers are cautioned that the foregoing list of factors and risks are not exhaustive. The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurances can be given that any of the events anticipated by the Forward-Looking Statements will transpire or occur. Although the Company has attempted to identify important risks and factors that could cause actual actions, events or results to differ materially from those described, there may be other factors and risks that cause actions, events or results not anticipated, estimated or intended. Accordingly, readers should not place any undue reliance on the forward-looking information, as such information may not be appropriate for other purposes.

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