



MANAGEMENT'S DISCUSSION OF FINANCIAL RESULTS

For the three months ended March 31, 2025

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 months ended March 31, 2025. 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 May 13, 2025, and should be read in conjunction with White Owl's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2025, and 2024 as well as the 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 IFRS® Accountings Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

CONFERENCE CALL

The Company will host a conference call on Thursday, May 15, 2025, at 9:00 a.m. MST (11:00 a.m.) to discuss its results for the First Quarter 2025. Mr. Craig Heitrich, President and Chief Executive Officer and Mr. Barry O'Brien (Chief Financial Officer) will host the call.

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FIRST QUARTER ENDED MARCH 31, 2025, HIGHLIGHTS

All amounts are stated in Canadian dollars unless otherwise noted.

Highlights for the three months ended March 31, 2025, are summarized as follows:

- Q1 2025 EBITDA totaled \$2,091,000, matching EBITDA of \$2,094,000 for Q1 2024 which was the strongest quarter in the year 2024.
- The Corporation's outstanding bank loan balance is \$1,954,328 (US\$1,359,438) as at March 31, 2025 (before transaction costs), down 19% from \$2,417,723 (US\$1,680,258) as at December 31, 2024.

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- The Corporation's cash and cash equivalents is \$2,962,533 (US\$2,060,749) as at March 31, 2025.
- The Corporation's trailing twelve-month net debt to EBITDA ratio is a conservative 0.00:1.00 as of March 31, 2025, unchanged from December 31, 2024. *Please see "Net Debt to EBITDA" on Page 19 for calculation of this ratio.*
- The net operating income margin improved slightly to 49% for Q1 2025 from 48% for the twelve months ended December 31, 2024.
- As of January 1, 2025, production water pricing increased by 10% after several years of flat pricing, while pricing for pipeline water disposal at the Tioga and Epping SWD facilities increased 12% and 18%, respectively. In addition, pricing for flowback water increased by 8%.
- Total revenue increased 3% to \$5,454,000 for Q1 2025 from \$5,279,000 for Q1 2024, with disposal revenue increasing 17% to \$3,333,000 from \$2,857,000 for the prior-year quarter, while oil sales revenue decreased 16% to \$1,951,000 from \$2,311,000 between the two quarters. The increase in disposal revenue is primarily due to the aforementioned price increases, as disposal volumes remained relatively unchanged between the periods. The decrease in oil sales revenue is due to a 13% decrease in volumes combined with a 3% decrease in the net realized oil price.
- For the three months ending March 31, 2025, operating costs and royalties increased 5% to \$0.74 per barrel from \$0.71 per barrel for the three months ending March 31, 2024. The increase is primarily due to a well workover at the Epping SWD facility which was completed in January 2025, labour rate increases and inflation across all cost categories.
- Capital expenditures for the three months ended March 31, 2025, totaled \$324,000 compared to \$677,000 for Q1 2024 and include \$103,000 at the Ross SWD facility to complete the installation and commissioning of the injection pump. Other capital expenditures in the current quarter include \$34,000 at the Killdeer SWD facility and \$135,000 for additions to spare parts inventory.

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FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three months ended March 31,		
(\$000's, unless otherwise noted)	2025	2024	%
Consolidated operations			
Disposal volumes (Bbls)	3,727,808	3,763,643	-1%
Recovered oil sales volumes (Bbls)	23,000	26,524	-13%
Disposal revenue (\$ per Bbl)	\$0.89	\$0.76	18%
Oil sales revenue (\$ per Bbl)	\$84.80	\$87.11	-3%
Operating costs and royalties (\$ per Bbl)	\$0.74	\$0.71	5%
Consolidated disposal and services revenue			
Disposal revenue	\$3,333	\$2,857	17%
Oil sales revenue	1,951	2,311	-16%
Other revenue	170	111	53%
Total revenue	5,454	5,279	3%
Operating costs and royalties	(2,765)	(2,668)	4%
Operating income ⁽¹⁾	\$2,689	\$2,611	3%
General and administrative expenses ("G&A")	(598)	(517)	16%
EBITDA ⁽¹⁾	\$2,091	\$2,094	0%
Other income and expenses			
Depreciation and amortization	(642)	(541)	19%
Finance costs	(106)	(179)	-41%
Share-based payments	(89)	(6)	1383%
Foreign exchange gains (losses)	12	(483)	-102%
Income tax expense	(2)	(4)	-50%
Net income	\$1,264	\$881	43%

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

Supporting the strong first quarter operating and financial results is a relatively stable North Dakota Bakken drilling count which has remained at 32–34 rigs for the past year. Q1 2025 EBITDA totaled \$2,091,000, matching EBITDA of \$2,094,000 for Q1 2024 which was the strongest quarter in the year 2024. Disposal revenues increased primarily due to price increases successfully implemented by White Owl, while disposal volumes remained unchanged. Oil revenues decreased due to lower volumes and pricing.

Operating Income:

Q1 2025 operating income increased 3% to \$2,689,000 from \$2,611,000 for Q1 2024 as disposal revenues increased by \$476,000, more than offsetting a \$360,000 decrease in oil revenues, while operating costs and royalties increased 4% between the two quarters under review, primarily due to well workover costs.

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Volumes:

Fluid disposal volumes include trucked production and flowback water (New Town, Watford City, Ross, Tioga and Epping SWD facilities), pipeline water (Tioga, Epping and Watford City SWD facilities) as well as non-hazardous industrial water (“Class 1 Water”) disposed of by the Alexander facility.

Q1 2025 fluid disposal volumes remained relatively unchanged at 41,420 bpd for Q1 2025 compared to 41,359 bpd for Q1 2024. Disposal volumes at the Ross, Watford and Epping SWD facilities for Q1 2025 increased by 55%, 11% and 9%, respectively, versus Q1 2024, and offset decreases of 42% and 64% at the New Town and Tioga SWD facilities, respectively. For the Killdeer SWD facility in which the Corporation acquired a 25% interest effective June 1, 2025, the current quarter recorded disposal volumes of 938 bpd (net).

- *Trucked Production Water:* Most of the Corporation’s fluid disposal volumes are received by truck, accounting for 90% (37,288 bpd) of volumes for Q1 2025, unchanged from Q1 2024 (37,145 bpd).
- *Flowback Water:* Flowback volumes and early production water, which are richer in oil content than produced water and pipeline water, increased 2% to 2,403 bpd for Q1 2025 from 2,354 bpd for Q1 2024. Flowback water commands a higher disposal fee than production water and averaged 6% of disposal volumes for Q1 2025, down from 8% for Q1 2024. The Ross SWD facility accounted for 50% of total flowback volumes in Q1 2025, due to increased producer drilling and completion activity in the area, while the Tioga SWD and Watford facilities accounted for 24% and 12%, respectively.
- *Pipeline Water:* The Corporation’s four pipeline-connected facilities disposed of 1,663 bpd (net) for Q1 2025, virtually unchanged from 1,677 bpd (net) for Q1 2024.
- *Class 1 Water:* Non-hazardous industrial water volumes disposed by the Alexander facility are included in total fluid disposal volumes mentioned above and decreased to 5,972 barrels (66 bpd) for Q1 2025 from 16,610 barrels (183 bpd) for Q1 2024. Normally, disposal volumes in the first and fourth quarters of the year are weak because of freezing winter conditions. Cold weather prevents the transportation of non-hazardous industrial wastewater which is mainly fresh water as opposed to saltwater volumes disposed by White Owl’s other facilities.

Recovered oil volumes decreased 13% to 23,000 barrels for Q1 2025 from 26,524 barrels for Q1 2024, primarily due to oil sales at the Watford and New Town SWD facilities decreasing by 2,800 barrels and 2,100 barrels, respectively, while the Ross SWD facility recorded an increase of 1,000 barrels between the two quarters. A change in customer mix led to the decreased oil volumes at the Watford SWD facility, while the decrease at the New Town SWD facility was due to lower fluid disposal volumes (down 41% between the two quarters) due to competition from a neighboring SWD facility.

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Revenue and Pricing:

As of January 1, 2025, production water pricing increased by 10% for most customers after several years of flat pricing, while pricing for pipeline water disposal at the Tioga and Epping SWD facilities increased 12% and 18%, respectively. In addition, pricing for flowback water increased by 8%.

Total revenue increased 3% to \$5,454,000 for Q1 2025 from \$5,279,000 for Q1 2024. Disposal revenue increased 17% to \$3,333,000 from \$2,857,000 for the prior-year quarter, while oil revenue decreased 16% to \$1,951,000 from \$2,311,000 between the two quarters. The increase in disposal revenue is primarily due to the aforementioned price increases, as disposal volumes remained relatively unchanged. The decrease in oil sales revenue is due to a 13% decrease in volumes combined with a 3% decrease in the net realized oil price.

The Corporation's netback oil price for the three months ending March 31, 2025, decreased 9% to US\$59.09 from US\$64.61 for Q1 2024. White Owl's netback oil price is determined as WTI less deductions for trucking costs, taxes and a Bakken differential. The Q1 2025 differential was US\$3.37 per barrel compared to US\$3.00 per barrel for Q1 2024.

Other revenue which includes overhead recoveries for management of joint venture operations and interest earned on cash deposits, increased 53% to \$170,000 for Q1 2025 from \$111,000 for Q1 2024, primarily due to overhead recovery fees earned for management of the Killdeer joint venture ("Killdeer JV"), of which White Owl became the operator effective June 1, 2024.

Operating Costs and Royalties:

For the three months ending March 31, 2025, operating costs and royalties increased 5% to \$0.74 per barrel from \$0.71 per barrel for the three months ending March 31, 2024. In terms of dollars, Q1 2025 operating costs and royalties increased 4% to \$2,765,000 from \$2,668,000 for Q1 2024, mainly due to a well workover at the Epping SWD facility, labour rate increases and inflation across all cost categories.

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REVENUE AND OPERATING INCOME (LOSS) BY FACILITY

(\$000's)	Three months ended		
	2025	March 31, 2024	%
Oilfield waste disposal and oil sales			
New Town	1,001	1,405	-29%
Watford City	1,234	1,361	-9%
Ross	1,890	1,296	46%
Alexander	57	132	-57%
Tioga JV	590	611	-3%
Epping JV	404	363	11%
Killdeer JV	108	-	100%
	5,284	5,168	2%
Other revenue	170	111	53%
Total revenue	5,454	5,279	3%
Operating income (loss)			
New Town	519	728	-29%
Watford City	645	890	-28%
Ross	1,032	439	135%
Alexander	(30)	24	-225%
Tioga JV	336	265	27%
Epping JV	(9)	154	-106%
Killdeer JV	26	-	100%
	2,519	2,500	1%
Other revenue	170	111	53%
Total operating income ⁽¹⁾	2,689	2,611	3%

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

New Town SWD Facility

Environmental and Safety:

There were no spills, environmental incidents, or safety incidents in the first quarter of 2025 and no incidents in the 2024 year.

Operating Income:

For the three months ended March 31, 2025, operating income decreased 29% to \$519,000 from \$728,000 for Q1 2024, as fluid disposal and oil sales volumes decreased primarily due to competition from a neighboring SWD facility.

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Volumes:

Volumes at this facility are expected to increase in the second half of 2025 following the closing of the corporate acquisition of a major customer in July 2025. White Owl is in negotiations for preferential disposal rates with the acquiring company.

However, in the first half of 2025, 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 during Q1 2025. As a result, disposal volumes decreased 42% to 7,866 bpd for Q1 2025 from 13,515 bpd for Q1 2024. Disposal volumes for this facility averaged 10,600 for the year 2024. The lower disposal volumes resulted in oil sales volumes decreasing to 4,929 barrels for Q1 2025 from 7,045 barrels for Q1 2024.

Flowback continues to be weak at this site because there is competitive pressure from two adjoining SWD facilities where competitors price flowback at production water prices. That said, flowback volumes tripled to 195 bpd for Q1 2025 from 61 bpd for Q1 2024.

Revenues and Pricing:

For the three months ended March 31, 2025, total revenues decreased 29% to \$1,001,000 from \$1,405,000 for Q1 2024, primarily due to the lower fluid disposal and oil sales volumes, although pricing for trucked and flowback disposal at this site increased 15% and 6%, respectively, which partially mitigated the impact of the lower volumes. Disposal revenues totaled \$580,000 for the current quarter, down 27% from \$794,000 for the comparable prior year quarter, while oil sales revenue decreased 31% to \$421,000 from \$611,000.

Operating Costs and Royalties:

Operating costs and royalties decreased 29% to \$482,000 for the three months ending March 31, 2025, from \$677,000 for Q1 2024. On a unit basis, operating costs increased to \$0.68 per barrel for Q1 2025 from \$0.55 per barrel for Q1 2024. The increase in unit operating cost is primarily due to the fixed component of operating costs being spread across lower disposal volumes.

Capital Projects:

Capital projects for the three months ended March 31, 2025, were minimal, totaling \$6,100 for the quarter.

Watford City SWD Facility

Environmental and Safety:

There were no spills, environmental incidents, or safety incidents in the first quarter of 2025 and no incidents in the 2024 year.

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Operating Income:

Q1 2025 operating income decreased 28% to \$645,000 from \$890,000 for Q1 2024, as a 22% increase in disposal revenues was more than offset by a 35% decrease in recovered oil revenues.

Volumes:

Fluid disposal volumes increased 11% to 9,970 bpd for Q1 2025 from 8,978 bpd for Q1 2024. However, oil recovery can vary from month to month as it depends on the mix of production and flowback volumes and customer mix, leading to a 33% decrease in oil sales volumes to 5,791 barrels for Q1 2025 from 8,590 barrels for Q1 2024. In Q1 2024, the customer mix was the main factor for the strong oil sales.

Revenues and Pricing:

For the three months ended March 31, 2025, total revenues decreased 9% to \$1,234,000 from \$1,361,000 for Q1 2024, with higher fluid disposal revenues offset by lower oil sales revenues.

Fluid disposal revenues for Q1 2025 increased 22% to \$743,000 from \$607,000 for Q1 2024 due to an 11% increase in volumes combining with higher disposal pricing.

Oil sales revenues decreased 35% to \$491,000 for the current quarter from \$754,000 for the comparable prior year quarter, as the lower volumes combined with a 3% decrease in the net realized oil price.

Operating Costs and Royalties:

For the three months ended March 31, 2025, operating costs increased 25% to \$589,000 (\$0.66 per barrel) from \$470,000 (\$0.58 per barrel) for Q1 2024. The increase is primarily due to increased repairs and maintenance costs (up \$0.03 per barrel) and chemicals and filter costs (up \$0.02 per barrel).

Capital Projects:

For the three months ended March 31, 2025, there were no capital projects at this site.

Ross SWD Facility

Environmental and Safety:

There were no spills, environmental incidents, or safety incidents in the first quarter of 2025 and no incidents in all of 2024.

Operating Income:

For the three months ended March 31, 2025, operating income increased 135% to \$1,032,000 from \$439,000 for Q1 2024, due to higher disposal revenues (up 72%) and oil sales revenues (up 12%), while operating costs and royalties remained relatively unchanged between the two quarters.

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Volumes:

Increased producer drilling and completion activity in the second half of last year resulted in fluid disposal volumes increasing 55% to 15,997 bpd for Q1 2025 from 10,316 bpd for Q1 2024, while flowback volumes increased 26% to 1,201 bpd from 957 bpd.

Recovered oil sales increased 15% to 7,514 barrels for Q1 2025 from 6,524 barrels for Q1 2024.

Revenues and Pricing:

For the three months ended March 31, 2025, total revenues increased 46% to \$1,890,000 from \$1,296,000 for Q1 2024. The 55% increase in disposal volumes combined with the previously mentioned price increases resulted in disposal revenue increasing 72% to \$1,256,000 for Q1 2025 from \$730,000 for Q1 2024.

The 15% increase in oil volumes led to oil revenues increasing 12% to \$634,000 for Q1 2025 from 566,000 for Q1 2024, more than offsetting a 3% decrease in the net realized oil price.

Operating Costs and Royalties:

For the three months ended March 31, 2025, operating costs and royalties remained unchanged at \$858,000 (\$0.60 per barrel) from \$857,000 (\$0.91 per barrel) for Q1 2024. The significant decrease in operating cost per barrel is due to two main factors. Firstly, the fixed component of operating costs and royalties was spread across significantly higher disposal volumes in the current quarter. Secondly, the purchase and installation of a replacement gun-barrel tank in February 2024, led to total repairs and maintenance costs averaging \$0.29 per barrel in Q1 2024 versus \$0.11 per barrel in the current quarter.

Capital Projects:

In Q1 2025, capital costs totaling \$103,000 were incurred to complete the installation and commissioning of the injection pump which was purchased in 2024.

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

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disposal. 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 first quarter of 2025 and no incidents in all of 2024.

Operating Income:

For Q1 2025, Alexander recorded an operating loss of \$30,000 compared to operating income of \$24,000 for Q1 2024. The decrease is primarily due to lower disposal volumes. With the arrival of Spring weather, the Corporation expects this site to return to profitability in Q2 2025.

Volumes:

Typically, approximately 70% of the annual disposal volumes at this facility are received in the second and third quarters of the year. Cold weather prevents the transportation of non-hazardous industrial wastewater which is mainly fresh water as opposed to saltwater volumes disposed by White Owl's other facilities.

For the three months ended March 31, 2025, volumes decreased to 5,972 barrels from 16,610 barrels for Q1 2024. The volume decrease is due to winter conditions and low water levels in leachate ponds resulting from dry weather conditions in the Fall of 2024.

Revenues and Pricing:

For the three months ended March 31, 2025, total revenue decreased to \$57,000 from \$132,000 for Q1 2024, due to the lower disposal volumes.

Operating Costs and Royalties:

For the three months ended March 31, 2025, operating costs and royalties decreased 19% to \$87,000 from \$108,000 for Q1 2024, again due to the decreased disposal volumes.

Capital Projects:

There were no capital projects for this facility for the three months ended March 31, 2025.

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.

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Environmental and Safety:

There were no spills, environmental incidents, or safety incidents in the first quarter of 2025 and no incidents in all of 2024.

Operating Income:

Q1 2025 operating income increased 27% to \$336,000 from \$265,000 for Q1 2024 primarily due to the receipt of compensation from the pipeline-connected customer of \$89,000 (net) for White Owl temporarily shutting in the facility for 15 days in February to allow for the customer's drilling activities nearby. In addition, operating costs and royalties decreased 27% between the quarters due to lower disposal volumes.

Volumes:

With the major customer actively drilling and completing wells in the area, White Owl expects this facility to operate at near-capacity for the near-term. As a result, disposal volumes have increased to average 10,200 bpd in the month of March 2025, double the average of about 5,000 bpd in the previous two months. With the temporary 15-day shut-down in February, disposal volumes averaged 6,419 bpd in Q1 2025 versus 10,893 for Q1 2024.

Oil sales volumes were relatively strong for Q1 2025, decreasing 6% to 5,644 barrels from 6,000 barrels for the comparable 2024 quarter. Even though trucked and pipeline water decreased 52% between Q1 2025 and Q1 2024, new production resulting from the recent drilling activities increased oil-rich flowback volumes 32% for Q1 2025 versus the comparable 2024 quarter.

Revenues and Pricing:

Q1 2025 total revenues, net to White Owl, remained relatively consistent at \$590,000 versus \$611,000 for Q1 2024 with the inclusion of the above-mentioned one-time receipt of \$89,000 as compensation for the 15-day shut-down, even though disposal volumes decreased.

Disposal revenues decreased 24% to \$276,000 for Q1 2025 from \$365,000 for Q1 2024 due to the decrease in disposal volumes, partially offset by increased pricing. Oil sales revenue decreased 9% to \$225,000 for Q1 2025 from \$246,000, as the 6% decrease in volumes combined with a 3% lower net realized price.

Operating Costs and Royalties:

Q1 2025 operating costs and royalties increased 27% to \$254,000 (\$0.94 per barrel) from \$346,000 (\$0.74 per barrel) for Q1 2024. Disposal volumes were significantly lower in Q1 2025 due to the 15-day shutdown, resulting in higher unit costs, with fixed costs being spread over the lower volumes.

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Capital Projects:

Capital projects at the Tioga SWD facility were minimal in Q1 2025. The rental pump is not a permanent fixture and is budgeted to be replaced with a permanent horizontal pump in 2025, especially as the facility is expected to operate at close to capacity in the months ahead.

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:

There were no spills, environmental incidents, or safety incidents in the first quarter of 2025 and no incidents in all of 2024.

Operating Income:

Q1 2025 recorded an operating loss of \$9,000 versus operating income of \$154,000 for Q1 2024. The decrease in operating income is primarily due to a well workover costing \$168,000, net to White Owl, in the current quarter. The workover on Well #1 was successfully completed in mid-January 2025 on budget and included replacing the tubing string.

Volumes:

Several producers were active in the area in the second half of 2024, resulting in increased disposal volumes in the fourth quarter of 2024 and continuing into 2025. Notably, the pipeline connected customer has requested an increase in Epping disposal capacity commencing in 2026. With the increased producer activity, disposal volumes averaged 10,112 bpd for Q1 2025 compared to 9,276 bpd for Q1 2024. Oil recovery has also improved over the last half of 2024 with oil sales volumes totaling 4,764 barrels for Q1 2025 compared to 4,412 barrels for Q1 2024.

Revenues and Pricing:

Total revenue for the three months ended March 31, 2025, net to White Owl, increased 11% to \$404,000 from \$363,000 for Q1 2024, due to higher disposal and oil revenues. Fluid disposal revenues increased 14% to \$261,000 for Q1 2025 from \$228,000 for Q1 2024 due to a 9% increase in disposal volumes and higher pricing. Oil sales revenue increased 6% to \$143,000 for Q1 2025 from \$135,000 for Q1 2024, with an 8% increase in oil volumes partially offset by a slightly lower net realized oil price.

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Operating Costs and Royalties:

Operating costs and royalties doubled to \$413,000 (\$1.30 per barrel) for Q1 2025 from \$209,000 (\$0.72 per barrel) for Q1 2024. The increase in operating costs is primarily due to the previously mentioned well workover which cost \$168,000 (\$0.53 per barrel).

Capital Projects:

There were no capital projects for this facility for the three months ended March 31, 2025.

Killdeer SWD JV Facility

Effective June 1, 2024, the Company entered into the Killdeer JV. The Company acquired 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 paid to ND SWD Well #1 and 50% of the consideration 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.

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 workover costs (US \$1,050,000) and which were incurred in the second half of 2024. Once this payout has been achieved, White Owl will then receive 40% of the cash flows until it recovers its US\$400,000 net investment under the JV Agreement. 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:

There were no spills, environmental incidents, or safety incidents in the first quarter of 2025 and no incidents in all of 2024.

Operating Income:

For the three months ending March 31, 2025, operating income totaled \$26,000, net to White Owl. This compares to an operating loss of \$135,000 for the previous quarter, Q4 2024.

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Volumes:

Killdeer continues to be a busy area for drilling permit applications and typically there are four to six drilling rigs operating in the area. However, despite this activity, volumes at the Killdeer SWD facility 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 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. Please see *Capital Projects* below.

For the three months ending March 31, 2025, gross fluid disposal volumes totaled 3,752 bpd, slightly up from 3,607 bpd for the previous quarter, Q4 2024. Q1 2025 gross oil sales volumes totaled 1,784 barrels, double the 891 barrels for the prior quarter.

Revenues and Pricing:

Total revenue for Q1 2025 is \$108,000, with disposal revenues accounting for \$70,500 and oil revenues for \$37,500.

Operating Costs and Royalties:

Operating costs and royalties totalled \$82,000 (\$0.97 per barrel) for the three months ended March 31, 2025.

Capital Projects:

Capital improvements progressed slowly in Q1 2025 because of cold weather conditions and totaled \$34,000, net to White Owl, for the quarter. During the quarter, the site was connected to rural water and a septic holding tank was installed for the office trailer and trucker lounge. The remaining facility improvements include completing the installation of an oil water separator tank and a Desand Tank, both of which are expected to be commissioned in Q2 2025. Additional improvements, such as upgrades to the truck offloads and completion of the filter and charge pump skid are expected to be completed in the second and third quarters of 2025.

OTHER REVENUE

Other revenue includes operational, administration and capital fees charged by White Owl for services provided by White Owl to the Tioga JV and Epping JV, as well as interest earned on cash deposits. Other revenue for Q1 2025 increased 53% to \$170,000 from \$111,000 for Q1 2024, primarily due to overhead fees earned on management of the Killdeer JV effective June 1, 2024.

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MANAGEMENT DISCUSSION OF FINANCIAL RESULTS – Q1 2025

G&A EXPENSES

(\$000's)	Three months ended March 31,	
	2025	2024
Salaries and management	379	325
Professional Fees	86	53
Travel and related expenses	14	31
General office expenses	93	92
Third party consulting fees	26	16
Total	598	517

Q1 2025 G&A expenses totaled \$598,000 compared to \$517,000 for Q1 2024. Salaries and management expenses for Q1 2025 increased to \$379,000 from \$325,000 for Q1 2024, primarily due to cost-of-living increases for non-management staff effective January 1, 2025. Professional fees increased to \$86,000 for Q1 2025 from \$53,000 for Q1 2024, primarily due to one-time professional fees related to corporate income tax matters.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization increased to \$642,000 for Q1 2025 from \$541,000 for Q1 2024 due to the Corporation acquiring an interest in the Killdeer SWD in June 2024.

IMPAIRMENT

At March 31, 2025, White Owl evaluated its property, plant and equipment for indicators of any potential impairment or related reversal. As a result of this assessment, no indicators were identified, and no impairment or related reversal was recorded on White Owl's property, plant and equipment assets.

At December 31, 2024, White Owl evaluated its property, plant and equipment for indicators or any potential impairment or related reversal. As a result of this assessment, no indicators were identified, and no impairment or related reversal was recorded on White Owl's property, plant and equipment assets.

FINANCE COSTS

(\$000's)	Three months ended March 31,	
	2025	2024
Interest on long-term debt	52	105
Interest on lease liabilities	4	3
Accretion of decommissioning obligations	18	14
Accretion of transaction costs	28	48
Interest income, expenses, bank charges and other	4	9
Total	106	179

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For the three months ending March 31, 2025, the Company's average interest rate on the senior lender's long-term debt was 10.24% compared to 11.37% for Q1 2024. The interest rate is calculated at the US dollar floating interest rate plus 1.50%.

For the three months ending March 31, 2025, interest on long-term debt decreased to \$52,000 from \$105,000 for Q1 2024 due to term loan principal repayments in 2024, as discussed under "**Long-Term Debt and Operating Loan**" on Page 18. The average outstanding debt decreased to US\$1.5 million for Q1 2025 from US\$2.9 million for Q1 2024.

FOREIGN EXCHANGE GAINS AND LOSSES

The foreign exchange gains and losses reflect the impact of changes in exchange rates on US dollar cash balances and short-term intercompany loans. For the three months ending March 31, 2025, the Company recorded foreign exchange gains of \$12,000 compared to a foreign exchange loss of \$483,000 for Q1 2024. The average exchange rate for Q1 2025 was 1.4350 compared to 1.3488 for Q1 2024.

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 March 31, 2025, the Company recorded share-based payments of \$89,000 compared to \$6,000 for Q1 2024. The increase in share-based payments expense is due to the granting of 3,000,000 options at an exercise price of \$0.15 to an executive and director in January 2025.

SUMMARY OF QUARTERLY RESULTS

(\$000's)	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Revenue	\$5,454	\$5,143	\$4,962	\$5,094	\$5,279	\$5,273	\$5,834	\$4,802
EBITDA ⁽¹⁾	2,091	1,356	1,675	1,705	2,094	1,541	1,884	1,651
Net income from continuing operations	1,264	942	1,216	1,118	881	770	685	1,184
Net income from discontinued operation	-	-	-	-	-	-	-	558

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

The increase in net income from continuing operations to \$1,264,000 for Q1 2025 from \$942,000 for Q4 2024 is mainly the result of a foreign exchange loss recorded in Q4 2024 and higher G&A expenses in that quarter. The decrease in net income from continuing operations to \$942,000 for Q4 2024 from \$1,216,000 for Q3 2024 is mainly the result of the recording of a foreign exchange loss. 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

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MANAGEMENT DISCUSSION OF FINANCIAL RESULTS – Q1 2025

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 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.

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 program 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 March 31,	
(\$000's)	2025	2024
Capital expenditures	324	677

Capital Expenditures:

Capital expenditures for the three months ended March 31, 2025, totaled \$324,000 compared to \$677,000 for Q1 2024 and include \$103,000 at the Ross SWD facility to complete the installation and commissioning of the injection pump. Other capital expenditures in the current quarter include \$34,000 at the Killdeer SWD facility and \$135,000 for additions to spare parts inventory.

Financing Activities

Share Capital:

Shares issued and outstanding (000's)	Common shares	Amount (\$000)	Preferred shares	Amount (\$000)	Total	Amount (\$000)
Balance December 31, 2024	68,535	\$21,366	26,469	\$12,353	95,004	\$33,719
Issuance of common shares upon exercise of options	1,658	142			1,658	142
Issuance of common shares	-	3			-	3
Balance March 31, 2025	70,193	\$21,511	26,469	\$12,353	99,662	\$33,864

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MANAGEMENT DISCUSSION OF FINANCIAL RESULTS – Q1 2025

As at March 31, 2025, there were 4,000,000 (December 31, 2024 – 4,000,000) common shares held in escrow.

Share Options

There were 4,773,000 share options outstanding as of March 31, 2025 (December 31, 2024 – 3,431,000), with a weighted average exercise price of \$0.11 (December 31, 2024 - \$0.05) per share. During the three months ending March 31, 2025, 3,000,000 share options were granted to an executive and director, 1,658,000 share options were exercised by directors, management and employees at an exercise price of \$0.05 for total proceeds to the Company of \$82,900, nil share options were forfeited, and nil share options expired.

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 was payable by the Company in 2025, however the lender has waived the requirement for this payment. 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.

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

Covenant description	Position at March 31, 2025	Position at December 31, 2024
Fixed charge coverage ratio	1.68	1.68

As at March 31, 2025, and 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

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exceed the lesser of the margin requirements as defined in the loan agreement and US\$1,000,000. As at March 31, 2025, the Company's borrowing limit under the operating loan was US\$1,000,000 (December 31, 2024 - US\$1,000,000). The Company had drawn \$nil on the operating loan at March 31, 2025 (December 31, 2024 – \$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 March 31, 2025	Position at December 31, 2024
Cash Flow Coverage Ratio	17.17	15.98
Debt to Tangible Net Worth Ratio	0.31	0.38
Current Ratio	1.62	1.32

Net Debt To EBITDA:

The following table details the composition of the Corporation's net debt to EBITDA as at March 31, 2025 and December 31, 2024:

Net Debt (\$ thousands, except ratio amounts)	Position at March 31, 2025	Position at December 31, 2024
Non-current long-term debt	109	567
Non-current lease liabilities	100	112
Current liabilities	4,953	5,750
Current assets	(8,026)	(7,598)
Net debt	(2,864)	(1,169)
EBITDA (trailing twelve months)	6,828	6,831
Net debt to EBITDA ratio	(0.42)	(0.17)

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.

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MANAGEMENT DISCUSSION OF FINANCIAL RESULTS – Q1 2025

OUTLOOK

North Dakota Bakken Activity

The rig count remains steady in the 32-34 range and wells permitted remain consistent at approximately 90 per month, which is the estimated level required to support current Bakken production at 1.2 million barrels per day of oil and 3.4 Bcf/d per day of liquids rich gas. At this time, despite the tariff uncertainty resulting from the recent change of leadership in the White House, initial reports show there is no expectation of a material increase or decrease in drilling activities in the North Dakota Bakken play.

Where White Owl's operations are concerned, there has been a recent increase in drilling and completion activity around our Ross, Watford and Tioga SWD facilities, resulting in these sites currently operating at close to full capacity levels. The area around our Killdeer SWD facility is also busy as we continue to build a customer base for this site and complete the required capital improvements. The outlook for the Epping SWD facility has improved following a ramp up in activity by several producers in the second half of 2024. Notably, the pipeline connected customer is seeking a dedication of additional capacity for 2026 and beyond to handle increased disposal volumes from its ongoing development program in the area. We are also monitoring opportunities to possibly acquire a class 2 facility in the Alexander area to gain Class 2 exposure additional to our Class 1 site at this location.

Looking ahead, the main concern for White Owl is the negative effect tariffs will have on operating expenses, which is expected to become clearer over the coming months. We have seen success in increasing our disposal rates in the first half of 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 previous reports 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 of Tier 1 drilling inventory remaining. Mergers and acquisitions continue and the integration of the companies that did deals in 2024 are occurring in 2025. Client relations with the acquiring companies is a focus of management to ensure transitions do not disrupt White Owl business and possibly provide larger opportunities for us.

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Dakota Access Pipeline

No changes this quarter with the Dakota Access Pipeline remaining in limbo and as reported in Q4 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 Q1 2025, the Company underwent a strategic alternative review. The process has come to an end, concluding that the Company is in a strong financial position and is the best path forward to execute on a growth strategy to increase share value. With our strong balance sheet (net debt of \$0), management and the Board of Directors are currently assessing and budgeting its alternatives for firstly preferred share repurchases and secondly capital expansion 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 Q2 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 60% of available capacity. Thank you for your commitment and loyalty and for your assistance in achieving strong operating and financial results for the three months ended March 31, 2025.

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) 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.

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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

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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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