



May 13, 2025

## **REPORT TO OUR SHAREHOLDERS**

To Our Shareholders,

We are pleased to provide you with the Consolidated Interim Financial Statements and Management's Discussion of Financial Results of White Owl Energy Services Inc. ("White Owl" or "the Corporation" or "the Company") for the three months ending March 31, 2025.

### **TABLE OF CONTENTS**

Page 1: **FIRST QUARTER ENDED MARCH 31, 2025, HIGHLIGHTS**

Page 3: **FINANCIAL AND OPERATIONAL TABLE - CONSOLIDATED**

Page 4: **OPERATING LOCATIONS (dollar amounts in USD)**

Page 12: **OUTLOOK**

### **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.

**Call In: +1 855 234 1851**

**Participant Code: 3450634#**

### **FIRST QUARTER ENDED MARCH 31, 2025, HIGHLIGHTS (dollar amounts in CAD)**

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.
- 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.

- 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.

*Remainder of this page intentionally left blank*

**FINANCIAL AND OPERATIONAL TABLE - CONSOLIDATED (amounts in CAD except volumes)**

|                                                   | Three months ended<br>March 31, |                |            |
|---------------------------------------------------|---------------------------------|----------------|------------|
| (\$000's, unless otherwise noted)                 | 2025                            | 2024           | %          |
| <b>Consolidated operations</b>                    |                                 |                |            |
| 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%         |
| <b>Consolidated disposal and services revenue</b> |                                 |                |            |
| Disposal revenue                                  | \$3,333                         | \$2,857        | 17%        |
| Oil sales revenue                                 | 1,951                           | 2,311          | -16%       |
| Other revenue                                     | 170                             | 111            | 53%        |
| <b>Total revenue</b>                              | <b>5,454</b>                    | <b>5,279</b>   | <b>3%</b>  |
| Operating costs and royalties                     | (2,765)                         | (2,668)        | 4%         |
| <b>Operating income <sup>(1)</sup></b>            | <b>\$2,689</b>                  | <b>\$2,611</b> | <b>3%</b>  |
| General and administrative expenses ("G&A")       | (598)                           | (517)          | 16%        |
| <b>EBITDA <sup>(1)</sup></b>                      | <b>\$2,091</b>                  | <b>\$2,094</b> | <b>0%</b>  |
| <b>Other income and expenses</b>                  |                                 |                |            |
| 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%       |
| <b>Net income</b>                                 | <b>\$1,264</b>                  | <b>\$881</b>   | <b>43%</b> |

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

*Remainder of this page intentionally left blank*

**OPERATING LOCATIONS (dollar amounts in USD):**

**New Town SWD**

| <b>New Town Facility (amounts in USD except volumes)</b> |           | <b>Q1 2025</b> | <b>Q1 2024</b> | <b>Change</b> |
|----------------------------------------------------------|-----------|----------------|----------------|---------------|
| Production Water - Trucked                               | b/d       | 7,671          | 13,454         | -43%          |
| Flowback                                                 | b/d       | 195            | 61             | 218%          |
| Total Fluids Disposed                                    | b/d       | 7,866          | 13,515         | -42%          |
| Oil Sales                                                | b/qtr, yr | 4,929          | 7,045          | -30%          |
| Revenue:                                                 |           |                |                |               |
| Production Water - Trucked                               |           | \$380,932      | \$581,838      | -35%          |
| Price for Production Water/bbl                           |           | 0.55           | 0.48           | 15%           |
| Flowback                                                 |           | 23,412         | 6,915          | 239%          |
| Price for Flowback/bbl                                   |           | 1.33           | 1.25           | 6%            |
| Recovered Oil                                            |           | 293,184        | 452,702        | -35%          |
| Price for Oil/bbl                                        |           | 59.48          | 64.26          | -7%           |
| Total Revenue                                            |           | 697,528        | 1,041,455      | -33%          |
| Total Revenue/bbl.                                       |           | \$0.99         | \$0.86         | 15%           |
| Operating Costs and Royalties                            |           | 335,881        | 502,081        | -33%          |
| Operating Income                                         |           | \$361,647      | \$539,374      | -33%          |

*Highlights for Q1 2025:*

- No spills, environmental incidents, or safety incidents.
- Decrease in operating income, primarily due to competition from a neighboring SWD facility which returned to operation in Q4 2024 after a lengthy shut-down for maintenance.
- 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 has negotiated preferential disposal rates with the acquiring company.
- Pricing for trucked and flowback disposal at this site increased 15% and 6%, respectively, which partially mitigated the impact of the lower volumes.
- Operating costs increased to \$0.47 per barrel for Q1 2025 from \$0.41 per barrel for Q1 2024 due to the fixed component of operating costs being spread across lower disposal volumes.

## Watford City SWD

| <b>Watford Facility (amounts in USD except volumes)</b> |            |                |                |               |
|---------------------------------------------------------|------------|----------------|----------------|---------------|
|                                                         |            | <b>Q1 2025</b> | <b>Q1 2024</b> | <b>Change</b> |
| Production Water - Trucked                              | b/d        | 9,670          | 8,366          | 16%           |
| Production Water - Piped                                | b/d        | 0              | 2              | 0%            |
| Flowback                                                | b/d        | 300            | 610            | -51%          |
| Total Fluids Disposed                                   | b/d        | 9,970          | 8,978          | 11%           |
| Oil Sales                                               | b/qtr, yr. | 5,791          | 8,590          | -33%          |
| Revenue:                                                |            |                |                |               |
| Production Water - Trucked                              |            | \$476,343      | \$378,778      | 26%           |
| Price for Prodn. Water-Trucked/bbl                      |            | 0.55           | 0.50           | 9%            |
| Production Water - Piped                                |            | 0              | 87             | 0%            |
| Price for Prodn. Water Piped/bbl                        |            | 0.00           | 0.47           | 0%            |
| Flowback                                                |            | 41,254         | 71,073         | -42%          |
| Price for Flowback/bbl                                  |            | 1.53           | 1.29           | 18%           |
| Recovered Oil                                           |            | 342,507        | 558,677        | -39%          |
| Price for Oil/bbl                                       |            | 59.14          | 65.04          | -9%           |
| Other Income                                            |            | 0              | 0              | 0%            |
| Total Revenue                                           |            | 860,104        | 1,008,615      | -15%          |
| Total Revenue/bbl.                                      |            | 0.96           | 1.25           | -23%          |
| Operating Costs and Royalties                           |            | 410,689        | 349,101        | 18%           |
| Operating Income                                        |            | \$449,415      | \$659,514      | -32%          |

### *Highlights for Q1 2025:*

- No spills, environmental incidents, or safety incidents.
- Operating income decreased as a 15% increase in fluid disposal revenues (volumes up 11% combined with price increases) was more than offset by a 39% decrease in recovered oil revenues.
- Even though disposal volumes increased, oil sales volumes decreased 33% as oil recovery can vary from month to month as it depends on the mix of production and flowback volumes and customer mix.
- Operating costs increased 14% to \$0.66 per barrel from \$0.58 per barrel for Q1 2024. due to increased repairs and maintenance, chemicals and filter costs.
- There were no capital projects at this site for the three months ended March 31, 2025,

## Ross SWD

| <b>Ross Facility (amounts in USD except volumes)</b> |            |                       |                       |                      |
|------------------------------------------------------|------------|-----------------------|-----------------------|----------------------|
|                                                      |            | <b><u>Q1 2025</u></b> | <b><u>Q1 2024</u></b> | <b><u>Change</u></b> |
| Production Water - Trucked                           | b/d        | 14,796                | 9,360                 | 58%                  |
| Flowback                                             | b/d        | 1,201                 | 957                   | 26%                  |
| Total Fluids Disposed                                | b/d        | 15,997                | 10,316                | 55%                  |
| Oil Sales                                            | b/qtr, yr. | 7,514                 | 6,524                 | 15%                  |
| Revenue:                                             |            |                       |                       |                      |
| Production Water - Trucked                           |            | \$725,088             | \$431,129             | 68%                  |
| Price for Production Water/bbl                       |            | 0.54                  | 0.51                  | 6%                   |
| Flowback                                             |            | 150,585               | 110,274               | 37%                  |
| Price for Flowback/bbl                               |            | 1.39                  | 1.28                  | 9%                   |
| Recovered Oil                                        |            | 442,225               | 419,124               | 6%                   |
| Price for Oil/bbl                                    |            | 58.85                 | 64.24                 | -8%                  |
| Other Income                                         |            | 0                     | 0                     | 100%                 |
| Total Revenue                                        |            | 1,317,898             | 960,527               | 37%                  |
| Total Revenue/bbl.                                   |            | 0.92                  | 1.03                  | -12%                 |
| Operating Costs and Royalties                        |            | 598,797               | 635,071               | -6%                  |
| Operating Income (Loss)                              |            | \$719,101             | \$325,456             | 121%                 |

### *Highlights for Q1 2025:*

- No spills, environmental incidents, or safety incidents.
- Operating income increased 121%, due to higher disposal revenues (up 62%) and oil sales revenues (up 6%), while operating costs and royalties decreased 6% between the two quarters.
- Increased producer drilling and completion activity in the second half of 2024 resulted in production water volumes increasing 58%, flowback volumes increasing 26% and recovered oil volumes increasing 15%.
- Operating costs decreased 38% to \$0.42 per barrel for Q1 2025 from \$0.68 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 repairs and maintenance costs totaling \$0.22 per barrel in Q1 2024 versus \$0.08 per barrel in the current quarter.

- In Q1 2025, capital costs totaling \$72,000 were incurred to complete the installation and commissioning of the injection pump which was purchased in 2024.

### Alexander Class 1 Facility

| <b>Alexander Facility (Amounts in USD except volumes)</b> |            |                |                |               |
|-----------------------------------------------------------|------------|----------------|----------------|---------------|
|                                                           |            | <b>Q1 2025</b> | <b>Q1 2024</b> | <b>Change</b> |
| Class 1 Water-Trucked                                     | b/d        | 66             | 183            | -64%          |
| Total Fluids Disposed                                     | b/d        | 66             | 183            | -64%          |
| Class 1 Water                                             | b/qtr. yr. | 5,972          | 16,427         | -64%          |
| Revenue:                                                  |            |                |                |               |
| Class 1 Water                                             |            | \$39,476       | \$98,436       | -60%          |
| Price for Class 1 Water                                   |            | 6.61           | 5.99           | 10%           |
| Total Revenue                                             |            | 39,476         | 98,436         | -60%          |
| Total Revenue/bbl.                                        |            | 6.61           | 5.99           | 10%           |
| Operating Costs and Royalties                             |            |                |                |               |
|                                                           |            | 60,377         | 80,476         | -25%          |
| Operating Income (Loss)                                   |            | \$ (20,901)    | \$ 17,960      | -216%         |

### *Highlights for Q1 2025:*

- No spills, environmental incidents, or safety incidents.
- With the arrival of Spring weather, the Corporation expects this site to return to profitability in Q2 2025. 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.
- Capital projects at this site were minimal for the three months ended March 31, 2024.

*The remainder of this page intentionally left blank*

### Tioga SWD JV Facility

| <b>Tioga (Volumes 100%, dollar amounts at 47% in USD)</b> |            |                |                |               |
|-----------------------------------------------------------|------------|----------------|----------------|---------------|
|                                                           |            | <b>Q1 2025</b> | <b>Q1 2024</b> | <b>Change</b> |
| Production Water-Trucked                                  | b/d        | 3,492          | 8,724          | -60%          |
| Production Water-Piped                                    | b/d        | 1,680          | 1,228          | 37%           |
| Flowback                                                  | b/d        | 1,246          | 941            | 32%           |
| Total Fluids Disposed                                     | b/d        | 6,419          | 10,893         | -41%          |
| Oil Sales                                                 | b/qtr. yr. | 5,644          | 6,000          | -6%           |
| Revenue:                                                  |            |                |                |               |
| Production Water - Trucked                                |            | \$79,956       | \$194,259      | -59%          |
| Price for Prodn. Water-Trucked/bbl                        |            | 0.54           | 0.53           | 3%            |
| Production Water - Piped                                  |            | 40,603         | 27,313         | 49%           |
| Price for Prodn. Water Piped/bbl                          |            | 0.57           | 0.53           | 9%            |
| Flowback                                                  |            | 72,006         | 49,159         | 46%           |
| Price for Flowback/bbl                                    |            | 1.37           | 1.23           | 11%           |
| Recovered Oil                                             |            | 156,217        | 182,160        | -14%          |
| Price for Oil/bbl                                         |            | 58.89          | 64.60          | -9%           |
| Other                                                     |            | 62,040         | 0              | 100%          |
| Total Revenue                                             |            | \$410,823      | 452,891        | -9%           |
| Total Revenue/bbl.                                        |            | 1.51           | 0.98           | 54%           |
|                                                           |            |                |                |               |
| Operating Costs and Royalties                             |            | 176,429        | 256,003        | -31%          |
|                                                           |            |                |                |               |
| Operating Income                                          |            | \$234,394      | \$196,888      | 19%           |

The highlights below are based on total volumes for the facility while the financial information represents White Owl's 47% interest in the Tioga JV.

#### *Highlights for Q1 2025:*

- No spills, environmental incidents, or safety incidents.
- Q1 2025 operating income increased 19% primarily due to the receipt of \$62,000 (net) from the pipeline-connected customer to compensate White Owl for temporarily shutting in the facility for 15 days in February to allow for the customer's drilling activities nearby.
- With this major customer actively drilling and completing wells in the area, White Owl expects this facility to operate at near-capacity for the near-term.
- 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%.

- Operating costs and royalties increased to \$0.65 per barrel for Q1 2025 from \$0.56 per barrel for Q1 2024. Disposal volumes were significantly lower in Q1 2025 due to the 15-day shut-in, resulting in the higher unit cost, with fixed costs being spread over the lower volumes.
- 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.

#### Killdeer SWD JV Facility

| Killdeer Facility (vols.100%, Dollar amounts at 25%WI in USD)) |       |          |         |        |
|----------------------------------------------------------------|-------|----------|---------|--------|
|                                                                |       | Q1 2025  | Q1 2024 | Change |
| Production Water-Trucked                                       | b/d   | 2,829    | 0       | 100%   |
| Production Water-Piped                                         | b/d   | 726      | 0       | 100%   |
| Flowback                                                       | b/d   | 198      | 0       | 100%   |
| Total Fluids Disposed                                          | b/d   | 3,753    | 0       | 100%   |
| Oil Sales                                                      | b/qtr | 1,784    | 0       | 100%   |
| Revenue                                                        |       |          |         |        |
| Production Water-Trucked                                       |       | \$33,620 | \$0     | 100%   |
| Price for Production Water/bbl                                 |       | 0.53     | 0.00    | 100%   |
| Production Water-Piped                                         |       | 8,979    | 0       | 100%   |
| Price for Production Water/bbl                                 |       | 0.55     | 0.00    | 100%   |
| Flowback                                                       |       | 6,551    | 0       | 100%   |
| Price for Flowback/bbl                                         |       | 1.47     | 0.00    | 100%   |
| Recovered Oil                                                  |       | 25,801   | 0       | 100%   |
| Price for Oil/bbl                                              |       | 57.85    | 0.00    | 100%   |
| Other Income                                                   |       | 0        | 0       | 100%   |
| Total Revenue                                                  |       | 74,951   | 0       | 100%   |
| Total Revenue/bbl.                                             |       | 0.89     | 0.00    | 100%   |
| Operating Costs and Royalties                                  |       |          |         |        |
|                                                                |       | 56,874   | 0       | 100%   |
| Operating Income                                               |       | \$18,077 | \$0     | 100%   |

#### Highlights for Q1 2025:

- Effective June 1, 2024, the Company entered into the Killdeer joint venture (“Killdeer JV”). Pursuant to the Killdeer Joint Venture Agreement (“JV Agreement”), White Owl and its partner are committed to spend 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”). With the White Owl Partner’s participation, White Owl’s net investment will earn 25% interest in the Killdeer JV’s assets and liabilities.
- No spills, environmental incidents, or safety incidents.
- Q1 2025 operating income totaled \$18,077, net to White Owl. This compares to an operating loss of \$98,057 for the previous quarter, which resulted from well workover costs.
- 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. Therefore, 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.
- Operating costs and royalties averaged \$0.71 per barrel for Q1 2025.
- Capital improvements progressed slowly in Q1 2025 because of cold weather conditions and totaled \$34,000, net to White Owl, for the quarter. The remaining facility improvements include 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.

*The remainder of this page intentionally left blank*

### Epping SWD JV

| <b>Epping (Volumes 100%, Dollar amounts at 35% Working Interest in USD)</b> |            |                |                |               |
|-----------------------------------------------------------------------------|------------|----------------|----------------|---------------|
|                                                                             |            | <b>Q1 2025</b> | <b>Q1 2024</b> | <b>Change</b> |
| Production Water-Trucked                                                    | b/d        | 7,931          | 5,329          | 49%           |
| Production Water-Piped                                                      | b/d        | 1,975          | 3,138          | -37%          |
| Flowback                                                                    | b/d        | 206            | 810            | -75%          |
| Total Fluids Disposed                                                       | b/d        | 10,112         | 9,276          | 9%            |
| Oil Sales                                                                   | b/qtr. yr. | 4,764          | 4,412          | 8%            |
| Revenue:                                                                    |            |                |                |               |
| Production Water-Trucked                                                    |            | \$ 135,686     | \$ 84,414      | 61%           |
| Price for Production Water/bbl                                              |            | 0.54           | 0.50           | 8%            |
| Production Water-Piped                                                      |            | 33,908         | 51,964         | -35%          |
| Price for Production Water/bbl                                              |            | 0.54           | 0.53           | 4%            |
| Flowback                                                                    |            | 12,431         | 32,465         | -62%          |
| Price for Flowback/bbl                                                      |            | 1.92           | 1.27           | 51%           |
| Recovered Oil                                                               |            | 99,555         | 100,206        | -1%           |
| Price for Oil/bbl                                                           |            | 59.71          | 64.89          | -8%           |
| Total Revenue                                                               |            | 281,580        | 269,049        | 5%            |
| Total Revenue/bbl.                                                          |            | 0.88           | 0.92           | -4%           |
| Operating Costs and Royalties                                               |            | 287,543        | 155,348        | 85%           |
| Operating Income (loss)                                                     |            | \$ (5,962)     | \$113,701      | -105%         |

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

#### *Highlights for Q1 2025:*

- No spills, environmental incidents, or safety incidents.
- The decrease in operating income is primarily due to well repair costs totaling \$117,000, net to White Owl, in the current quarter. A workover on Well #1 was successfully completed in mid-January 2025 and included replacing the tubing string.
- 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 late 2025 or early 2026. Oil recovery has also improved over the last half of 2024 with oil sales volumes averaging approximately 1,500 per month versus a monthly average of 900 barrels per month for the 2024 year.



- Operating costs and royalties increased \$0.90 per barrel for Q1 2025 from \$0.53 per barrel for Q1 2024. The increase in operating costs is primarily due to the previously mentioned well workover which accounted for \$0.37 of the increase in unit operating costs.
- There were no capital projects for this facility for the three months ended March 31, 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 complete required capital improvements and continue to build a customer base for this site. 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.

### **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](mailto:cheitrich@whiteowl-services.com). We sincerely thank you for this support and confidence in the management and board of White Owl.

Sincerely,

On behalf of the Board of Directors,

Craig Heitrich  
President and CEO

### **NON-GAAP MEASURES**

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



EBITDA should not be considered as an alternative to, or more meaningful than, net income (loss) as determined in accordance with IFRS.

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

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

**Cautionary Statements:**

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

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

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

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

Any financial outlook or future-oriented financial information, as defined by applicable securities legislation, has been approved by management of White Owl as of the date hereof. Such financial outlook or future-oriented financial information is provided for the purpose



of providing information about management's current expectations and goals relating to the future of White Owl. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

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

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