



MANAGEMENT'S DISCUSSION OF FINANCIAL RESULTS

For the three and six months ended June 30, 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 and six months ended June 30, 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 August 14, 2025, and should be read in conjunction with White Owl's unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 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 Friday, August 15, 2025, at 9:00 a.m. MST (11:00 a.m.) to discuss its results for the Second 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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SECOND QUARTER AND YEAR TO DATE JUNE 30, 2025, HIGHLIGHTS

All amounts are stated in Canadian dollars unless otherwise noted.

Highlights for the three and six months ending June 30, 2025, are summarized as follows:

- Effective July 1, 2025, the Corporation purchased a 28% interest in the White Owl Tioga Joint Venture ("Tioga JV") for proceeds of US\$1,500,000, which increases the Company's ownership in the Tioga JV to 75%. This acquisition, which closed on July 2, 2025, is expected to provide a strong addition to EBITDA, with the Tioga JV major customers actively drilling and completing wells in the area.

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- On July 2, 2025, the Corporation entered into a US\$6 million term loan facility (“Term Loan”) and a US\$1 million operating facility with a new financial institution. At closing of this bank financing, US\$3 million was initially drawn on the Term Loan to fund the purchase of the 28% interest in the Tioga JV, fully repay the existing term loan, and to fund 2025 upgrade capital expenditures.
- The Corporation’s cash and cash equivalents position is strong, with \$3,907,000 (US\$2,863,000) as at June 30, 2025.
- The Corporation’s trailing twelve-month net debt to EBITDA ratio is a conservative 0.00:1.00 as of June 30, 2025, unchanged from December 31, 2024. *Please see “Net Debt to EBITDA” on Page 23 for calculation of this ratio.*
- There has been a recent increase in drilling and completion activity around the Corporation’s Ross, Tioga and Watford SWD facilities, resulting in these sites currently operating at close to full capacity levels. These three facilities accounted for 72% of the Corporation’s Q2 2025 disposal volumes. The area around the Killdeer SWD facility is also busy, with disposal volumes surpassing 8,000 gross barrels per day (“bpd”) in June 2025 and continuing into the third quarter. Lastly, the outlook for the Epping SWD facility has improved in 2025 following a ramp up in activity by several producers in the second half of 2024, resulting in oil recovery volumes increasing 52% and disposal volumes up 28% at this site for the six months ending June 30, 2025, versus the comparable 2024 period.
- Total revenue, which includes disposal revenue and oil revenue, increased 4% to \$5,308,000 and \$10,762,000 for the three- and six-months ending June 30, 2025, respectively, from \$5,094,000 and \$10,373,000 for the 2024 comparable periods, respectively. For the six months ending June 30, 2025, disposal revenue increased 13% compared to the 2024 comparable period, while oil revenue decreased 11% between the two periods. The increase in disposal revenue is primarily due to price increases implemented January 1, 2025, as average disposal volumes remained relatively unchanged between the periods. The decrease in oil sales revenue is due to a 15% decrease in the net realized oil price, which more than offset a 2% increase in oil volumes.
- One-time factors impacted operational and financial results for the three and six months ending June 30, 2025, with State-mandated road closures (due to heavy rains in May) and well repairs resulting in Q2 EBITDA decreasing to \$1,302,000 from \$1,705,000 for Q2 2024. Similarly, EBITDA decreased to \$3,393,000 for the six months ending June 30, 2025, from \$3,799,000 for the comparable 2024 period.
- For the three and six months ending June 30, 2025, operating costs and royalties increased 22% and

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13% to \$0.96 per barrel and \$0.85 per barrel, respectively, from \$0.80 per barrel and \$0.75 per barrel for the 2024 comparable periods. The increase is primarily due to increased repairs and maintenance expenses, including two well workovers, labour rate increases and inflation across all cost categories.

- Capital expenditures for the six months ending June 30, 2025, totaled \$423,000 and include \$132,000 to complete the installation and commissioning of the injection pump at the Ross SWD facility. At the Killdeer SWD Facility \$100,000, was incurred for several upgrade projects, including to connect the site to rural water, install an oil water separator tank, and complete the installation of a desand tank. Other capital expenditures in the current period include \$48,000 at the New Town SWD facility and \$98,000 for computer software.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

(\$000's, unless otherwise noted)	Three months ended			Six months ended		
	2025	2024	%	2025	2024	%
Consolidated operations						
Disposal volumes (Bbls)	3,530,456	3,490,648	1%	7,258,264	7,254,291	-
Recovered oil sales volumes (Bbls)	24,496	20,220	21%	47,497	46,744	2%
Disposal revenue (\$ per Bbl)	\$0.95	\$0.89	7%	\$0.92	\$0.82	12%
Oil sales revenue (\$ per Bbl)	\$72.62	\$102.71	-29%	\$78.52	\$92.46	-15%
Operating costs and royalties (\$ per Bbl)	\$0.96	\$0.80	20%	\$0.85	\$0.75	13%
Consolidated disposal and services revenue						
Disposal revenue	\$3,368	\$3,095	9%	\$6,702	\$5,952	13%
Oil sales revenue	1,779	1,885	-6%	3,729	4,195	-11%
Other revenue	161	114	41%	331	226	46%
Total revenue	\$5,308	\$5,094	4%	\$10,762	\$10,373	4%
Operating costs and royalties (\$ per Bbl)	(3,392)	(2,777)	22%	(6,157)	(5,445)	13%
Operating income⁽¹⁾	\$1,916	\$2,317	-17%	\$4,605	\$4,928	-7%
General and administrative expenses ("G&A")	(614)	(593)	4%	(1,212)	(1,110)	9%
Bad debt expense	-	(19)	-100%	-	(19)	-100%
EBITDA⁽¹⁾	\$1,302	\$1,705	-24%	\$3,393	\$3,799	-11%
Other income and expenses						
Depreciation and amortization	(632)	(559)	13%	(1,274)	(1,101)	16%
Finance costs	(101)	(179)	-44%	(207)	(358)	-42%
Share-based payments	(53)	(5)	960%	(142)	(10)	1320%
Bargain purchase gain	-	750	-100%	-	750	-100%
Loss on disposition of joint operation interest	-	(375)	-100%	-	(375)	-100%
Foreign exchange gain (losses)	1,256	(217)	679%	1,267	(700)	281%
Loss on disposal of property, plant and equipment	(113)	-	100%	(113)	-	100%
Income tax expense	(2)	(2)	-	(4)	(6)	-33%
Net income	\$1,657	\$1,118	48%	\$2,920	\$1,999	46%

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

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Underlying the Corporation's operating and financial results for the three and six months ending June 30, 2025, is a relatively stable North Dakota Bakken drilling rig count which has remained at 32–34 rigs for the past year. Q2 2025 EBITDA totaled \$1,302,000, down from \$1,705,000 for Q2 2024, primarily due to increased repairs and maintenance (well repairs at the New Town SWD facility in April 2025 which shut down this facility for six days), reduced disposal volumes in May due to State imposed road closures resulting from heavy rainfall and, finally, a lower netback oil price. These factors along with well repairs at the Epping SWD facility in January 2025 led to EBITDA decreasing to \$3,393,000 for the six months ending June 30, 2025, from \$3,799,000 for the comparable 2024 period.

Operating Income:

Operating income decreased 7% to \$4,605,000 for the six months ending June 30, 2025, from \$4,928,000 for the comparable 2024 period, primarily due to lower oil sales revenue and a \$452,000 expenditure on well workovers completed at the Epping (\$168,000) and New Town (\$284,000) SWD facilities. The New Town well workover expense in April 2025 and lower oil revenues resulted in Q2 2025 operating income decreasing to \$1,916,000 from \$2,317,000 for Q2 2024.

Volumes:

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

Q2 2025 fluid disposal volumes increased slightly to 38,800 bpd from 38,400 bpd for Q2 2024, even though the current quarter was impacted by road closures for several days in May, as mentioned above, and a six-day shut-down of the New Town SWD facility in April for well repairs. The road closures led to May's disposal volumes decreasing to 35,000 bpd from 40,600 in April, before rebounding to 41,000 bpd in June. For the six months ending June 30, 2025, disposal volumes averaged 40,100 bpd, up slightly from 39,900 bpd for the 2024 comparable period.

- *Trucked Production Water:* Most of the Corporation's fluid disposal volumes are received by truck, accounting for 80% (30,800 bpd) of volumes for Q2 2025 and 85% (34,000 bpd) for the six months ending June 30, 2025. This compares to 86% (34,200 bpd) for the six months ending June 30, 2024. The decrease to 80% for Q2 2025 is attributable to increased flowback volumes resulting from increased producer activity in 2025.
- *Flowback Water:* Flowback volumes and early production water, which are richer in oil content than produced water and pipeline water, increased 21% to 4,240 bpd for Q2 2025 from 3,500 bpd for Q2 2024. Flowback water commands a higher disposal fee than production water and averaged 9% of

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disposal volumes for Q2 2025. The Ross SWD facility accounted for 46% of total flowback volumes in Q2 2025, due to increased producer drilling and completion activity in the area, while the Tioga and Watford SWD facilities accounted for 25% and 13%, respectively.

- *Pipeline Water:* The Corporation's four pipeline-connected facilities disposed of 3,500 bpd (net) for Q2 2025, up from 3,000 bpd (net) for Q2 2024, primarily due to the acquisition of a 25% interest in the Killdeer SWD facility effective June 1, 2024.
- *Class 1 Water:* At the Alexander Class 1 Facility, 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 this reason, disposal volumes in the first and fourth quarters of the year are normally lower. Alexander disposal volumes decreased to 26,100 barrels (287 bpd) for Q2 2025 from 43,900 barrels (483 bpd) for Q2 2024, with the decrease primarily due to low levels of non-hazardous industrial wastewater in the region's leachate ponds. This also led to disposal volumes decreasing to 32,100 barrels for the six months ending June 30, 2025, from 60,500 barrels for the comparable 2024 period.

The stronger flowback volumes resulted in oil volumes increasing 21% to 24,496 barrels for Q2 2025 from 20,220 barrels for Q2 2024, primarily due to oil sales at the Tioga and Ross SWD facilities increasing by 2,400 barrels and 1,100 barrels, respectively. For the six months ending June 30, 2025, oil volumes increased 2% to 47,497 barrels from 46,744 barrels for the comparable 2024 period, with the first quarter of last year experiencing very strong oil recovery.

Revenue and Pricing:

With pricing increases implemented effective January 1, 2025, production water pricing increased by 12% 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 14%.

This increase in production water pricing more than offset a lower net realized oil price, resulting in total revenue increasing 4% to \$5,308,000 and \$10,762,000 for the three and six months ending June 30, 2025, respectively, from \$5,094,000 and \$10,373,000 for the comparable 2024 periods, respectively. For the six months ending June 30, 2025, disposal revenue increased 13% to \$6,702,000 from \$5,952,000 for the comparable 2024 period. The increase in disposal revenue is primarily due to the aforementioned price increases, as disposal volumes remained relatively consistent between the periods.

The Corporation's netback oil price for the six months ending June 30, 2025, decreased 16% to US\$55.70 from US\$66.11 for the comparable 2024 period. White Owl's netback oil price is determined as WTI less deductions for trucking costs, taxes and a Bakken differential. The Q2 2025 differential was US\$3.23 per barrel compared

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to US\$2.83 per barrel for Q2 2024. As a result, oil sales revenue for the three and six months ending June 30, 2025, decreased 6% and 11% to \$1,779,000 and \$3,729,000, respectively, from \$1,885,000 and \$4,195,000 for the comparable 2024 period, respectively.

Other revenue for the three and six months ending June 30, 2025, includes overhead recoveries for management of joint venture operations and interest earned on cash deposits. Other revenue increased 41% and 46% to \$161,000 and \$331,000, respectively, for the three and six month periods 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 and six months ending June 30, 2025, operating costs and royalties increased 22% and 13% to \$3,392,000 (\$0.96 per barrel) and \$6,157,000 (\$0.85 per barrel), respectively from \$2,777,000 (\$0.80 per barrel) and \$5,445,000 (\$0.75 per barrel) for the comparable 2024 periods, respectively. The increase is primarily due to increased repairs and maintenance expenses, including the aforementioned well workovers completed at the Epping and New Town SWD facilities in January and April, respectively, for a total cost of \$452,000. In addition, labour rate increases and inflation across all cost categories contributed to the increased operating costs.

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REVENUE AND OPERATING INCOME (LOSS) BY FACILITY

(\$000's)	Three months ended			Six months ended		
	June 30, 2025	2024	%	June 30, 2025	2024	%
Oilfield waste disposal and oil sales						
New Town	711	1,164	-39%	1,712	2,570	-33%
Watford City	1,269	1,285	-1%	2,504	2,646	-5%
Ross	1,618	1,328	22%	3,508	2,624	34%
Alexander	234	393	-40%	291	525	-45%
Tioga JV	769	448	72%	1,358	1,058	28%
Epping JV	378	193	96%	782	556	41%
Killdeer JV	168	169	-1%	276	169	63%
	5,147	4,980	3%	10,431	10,147	3%
Other revenue	161	114	41%	331	226	46%
Total revenue	5,308	5,094	4%	10,762	10,373	4%
Operating income (loss)						
New Town	(99)	536	-118%	420	1,264	-67%
Watford City	452	693	-35%	1,097	1,583	-31%
Ross	731	466	57%	1,763	905	95%
Alexander	138	247	-44%	108	271	-60%
Tioga JV	334	113	196%	670	377	78%
Epping JV	136	24	467%	127	178	-29%
Killdeer JV	63	124	-49%	89	124	-28%
	1,755	2,203	-20%	4,274	4,702	-9%
Other revenue	161	114	41%	331	226	46%
Total operating income ⁽¹⁾	1,916	2,317	-17%	4,605	4,928	-7%

(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 three and six months ending June 30, 2025, and no incidents in the 2024 year.

Operating Income:

For the six months ending June 30, 2025, operating income decreased to \$420,000 from \$1,264,000 for the 2024 comparable period, due to a well workover in April 2025, and a decrease in fluid disposal and oil sales volumes caused by increased competition from a neighboring SWD facility. The well workover in April 2025 and lower volumes led to an operating loss of \$99,000 for Q2 2025 versus operating income of \$536,000 for Q2 2024.

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Volumes:

Increased competition from a neighboring SWD facility has led to New Town disposal volumes trending lower from 10,600 bpd for Q4 2024 to 7,900 bpd for Q1 2025 and to 5,500 bpd for Q2 2025. In Q2 2025, the facility was shut-in for six days to complete the well workover.

The Corporation is exploring ways to increase this facility's volumes, with limited activity in the area. Management expects that pricing is going to be the main driver to possibly shift volumes back to White Owl's New Town SWD. Management continues to monitor this closely to come up with the most viable solution that does not erode the facility's operating income margin.

For the six months ending June 30, 2025, recovered oil sales volumes decreased 22% to 8,979 barrels from 11,459 barrels for the 2024 comparable period even though disposal volumes decreased 47% between the two periods due to the previously mentioned increased competition from a neighboring SWD facility.

Revenues and Pricing:

The lower volumes impacted New Town's revenue for the six months ending June 30, 2025, which decreased 33% to \$1,712,000 from \$2,570,000 for the comparable 2024 period. Similarly, Q2 2025 revenue decreased 39% to \$711,000 from \$1,164,000 for Q2 2024. The impact on revenue of the lower volumes was due to the netback oil price decreasing 15% between the two periods and which was somewhat mitigated by higher disposal pricing.

Operating Costs and Royalties:

For the six months ending June 30, 2025, operating costs and royalties remained relatively flat at \$1,292,000 versus \$1,306,000 for the comparable 2024 period, while Q2 2025 operating costs and royalties increased to \$810,000 from \$628,000 for Q2 2024. Q2 2025 operating costs included \$284,000 for a well workover which was successfully completed in April 2025. On a unit basis, operating costs increased to \$1.07 per barrel for the six months ending June 30, 2025, from \$0.57 per barrel, with the workover accounting for \$0.24 per barrel of the increase. The balance of 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 six months ending June 30, 2025, totaled \$48,000 and related to an upgrade to the programmable logic control and automation system.

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Watford City SWD Facility

Environmental and Safety:

There were no spills, environmental incidents, or safety incidents in the three and six months ending June 30, 2025, and no incidents in the 2024 year.

Operating Income:

For the six months ending June 30, 2025, operating income decreased 31% to \$1,097,000 from \$1,583,000 for the 2024 comparable period, primarily due a 35% decrease in oil revenue in the first quarter and higher repairs and maintenance costs in the second quarter. The higher repairs and maintenance costs resulted in Q2 2025 operating income decreasing 35% to \$452,000 from \$693,000 for Q2 2024. In mid-June 2025, there was a power surge from a storm that damaged both electrical drives for the injection pumps and shut the site for several days. The site restarted with two rental electrical drives.

Volumes:

Despite the temporary shut-down, fluid disposal volumes increased 5% to 9,839 bpd for the six months ending June 30, 2025, from 9,357 bpd for the comparable 2024 period. Q2 2025 disposal volumes remained flat at 9,710 bpd versus 9,735 bpd for Q2 2024.

Even though disposal volumes remained unchanged between the two quarters, oil sales volumes increased 14% to 7,443 barrels for Q2 2025 from 6,536 barrels for Q2 2024. Oil volumes can vary from month to month as it depends on the mix of production and flowback volumes and customer mix. For the six months ending June 30, 2025, oil sales volumes decreased 13% to 13,234 barrels from 15,126 barrels for the comparable 2024 period, primarily due to lower volumes in the first quarter.

Revenues and Pricing:

For the three months ending June 30, 2025, revenue remained relatively unchanged at \$1,269,000 versus \$1,285,000 for Q2 2024, with higher disposal revenue being offset by lower oil sales revenue. Disposal revenue increased 9% to \$733,000 for Q2 2025 from \$674,000 for Q2 2024 due to price increases implemented effective January 1, 2025, while volumes remained consistent between the quarters. Oil revenue decreased 12% to \$536,000 for Q2 2025 from \$610,000 for Q2 2024, as a 14% increase in oil sales volumes was more than offset by a 24% decrease in the netback oil price.

For the six months ending June 30, 2025, revenue decreased 5% to \$2,504,000 from \$2,646,000 for the comparable 2024 period. Again, higher disposal revenue was more than offset by lower oil sales revenue

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which decreased to \$1,029,000 from \$1,365,000 for the comparable 2024 six-month period due to lower oil volumes and pricing.

Operating Costs and Royalties:

For the three and six months ending June 30, 2025, operating costs and royalties increased 38% and 32% to \$817,000 (\$0.92 per barrel) and \$1,408,000 (\$0.79 per barrel), respectively, from \$592,000 (\$0.67 per barrel) and \$1,063,000 (\$0.62 per barrel), respectively, for the 2024 comparable periods. The increase is primarily due to once-a-year tank clean-outs to remove solids' build-ups, repair costs related to the previously mentioned damage to the electrical drives and transfers from spare parts inventory.

Capital Projects:

For the three and six months ended June 30, 2025, there were minimal capital expenditures.

Ross SWD Facility

Environmental and Safety:

There were no spills, environmental incidents, or safety incidents in the three and six months ending June 30, 2025, and no incidents in the 2024 year.

Operating Income:

For the six months ending June 30, 2025, operating income almost doubled to \$1,763,000 from \$905,000 for the comparable 2024 period, primarily due to disposal revenues increasing 56% as volumes and disposal pricing increased 45% and 11%, respectively, while operating costs remained consistent between the periods.

For the three months ending June 30, 2025, operating income increased 57% to \$731,000 from \$466,000 for Q2 2024, due to disposal revenues increasing 41% as volumes and disposal pricing increased 34% and 7%, respectively, while operating costs for the two quarters remained relatively consistent.

Volumes:

Increased producer drilling and completion activity in the second half of last year resulted in fluid disposal volumes increasing 45% to 14,779 bpd for the six months ending June 30, 2025, from 10,217 bpd for the 2024 comparable period. Flowback volumes which are rich in oil content, increased 29% between the two periods due to the increased activity. The increased flowback led to a 17% increase in oil sales volumes to 14,408 barrels for the current six-month period from 12,280 barrels for the comparable 2024 period.

Similarly, the increased producer activity led to disposal volumes increasing 34% to 13,574 bpd for Q2 2025 from 10,117 bpd for Q2 2024. These disposal volumes included a 31% increase in flowback volumes, which led to oil sales volumes increasing 20% to 6,894 barrels for Q2 2025 from 5,756 barrels for Q2 2024.

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Revenues and Pricing:

For the six months ending June 30, 2025, revenue increased 34% to \$3,508,000 from \$2,624,000 for the comparable 2024 period due to increased disposal and oil volumes, as discussed above. Disposal revenue increased 56% to \$2,370,000 from \$1,520,000, as the aforementioned 45% increase in disposal volumes combined with price increases. Oil sales revenue increased 3% to \$1,138,000 from \$1,104,000 as the 17% increase in oil sales volumes was largely offset by a 14% lower netback oil price.

For the three months ending June 30, 2025, revenue increased 22% to \$1,618,000 from \$1,328,000 for Q2 2024. The 34% increase in disposal volumes combined with price increases resulted in disposal revenue increasing 41% to \$1,120,000 for Q2 2025 from \$792,000 for Q2 2024.

Q2 2025 oil sales revenue decreased 7% to \$498,000 from \$536,000 for Q2 2024, as the 20% increase in oil volumes was more than offset by a lower netback oil price.

Operating Costs and Royalties:

For the six months ending June 30, 2025, operating costs and royalties remained relatively unchanged at \$1,745,000 (\$0.65 per barrel) versus \$1,719,000 (\$0.92 per barrel) for the comparable 2024 period. The significant decrease in unit 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 period. Secondly, repairs and maintenance costs averaged \$0.10 per barrel in the current six-month period versus \$0.24 per barrel in the comparable 2024 period which included the purchase and installation of a replacement gun-barrel tank.

Operating costs and royalties also remained relatively unchanged at \$887,000 (\$0.72 per barrel) for Q2 2025 versus \$862,000 (\$0.94 per barrel) for Q2 2024. The decrease in operating costs and royalties per barrel is primarily due to spreading the fixed component of operating costs and royalties across the significantly higher disposal volumes in the current quarter.

Capital Projects:

For the three- and six-months ending June 30, 2025, capital expenditures totaled \$28,000 and \$132,000, respectively, primarily to complete the installation and commissioning of the injection pump which was purchased in 2024.

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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.

Environmental and Safety:

There were no spills, environmental incidents, or safety incidents in the three and six months ending June 30, 2025, and no incidents in the 2024 year.

Operating Income:

For the three and six months ending June 30, 2025, Alexander recorded operating income of \$138,000 and \$108,000, respectively, compared to \$247,000 and \$271,000 for the comparable 2024 periods. The decrease is primarily due to lower disposal volumes.

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 six months ending June 30, 2025, low water levels in leachate ponds resulting from dry weather conditions led to disposal volumes decreasing 49% to 32,074 barrels from 62,438 barrels for the comparable 2024 period. Q2 2025 disposal volumes averaged 26,102 barrels, down from 46,011 barrels for Q2 2024. We are expecting Q3 2025 disposal volumes to return to more historical levels due to heavy rains in Spring 2025 filling the leachate ponds.

Revenues and Pricing:

For the three- and six-months ending June 30, 2025, revenue decreased to \$234,000 and \$291,000, respectively, from \$393,000 and \$525,000 for the comparable 2024 periods, due to the lower disposal volumes, which were partially offset by a 6% increase in pricing due to customer mix.

Operating Costs and Royalties:

For the three- and six-months ending June 30, 2025, operating costs and royalties decreased to \$96,000 and \$183,000, respectively, from \$146,000 and \$254,000 for the 2024 comparable periods, due to the lower disposal volumes.

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Capital Projects:

Capital projects for this facility were minimal, totaling \$12,400 for the three and six months ending June 30, 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.

Effective July 1, 2025, the Corporation acquired an additional 28% working interest in the Tioga JV for proceeds of \$2,040,000 (US\$1,500,000), increasing White Owl's interest in the Tioga JV to 75%. The Corporation is pleased with this purchase as producer drilling and completion activity is very strong in the area.

Environmental and Safety:

There were no spills, environmental incidents, or safety incidents in the three and six months ending June 30, 2025, and no incidents in the 2024 year.

Operating Income:

Q2 2025 operating income increased three-fold to \$334,000 from \$113,000 for Q2 2024 primarily due a 144% increase in oil volumes and a 31% increase in disposal volumes, resulting from increased producer activity in the area.

For the six months ending June 30, 2025, operating income increased 78% to \$670,000 from \$377,000 for the comparable 2024 period primarily due to disposal and oil revenue increasing 14% and 30%, respectively. In addition, the first quarter included compensation of \$89,000 (net) in Q1 2025 from the pipeline-connected customer for temporarily shutting in the facility for 15 days in February to allow for drilling activities nearby.

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 10,645 bpd for Q2 2025, up from 6,400 bpd in the previous quarter, Q1 2025, and 8,104 bpd for Q2 2024. A 66% increase in oil-rich flowback disposal volumes led to oil sales volume more than doubling to 8,519 barrels for Q2 2025 from 3,493 barrels for Q2 2024.

For the six months ending June 30, 2025, the impact of producer well completion activity increased disposal volumes commencing in March 2025 to 10,200 bpd, more than double the average of 4,400 bpd in the previous two months. Overall, disposal volumes for the six months ending June 30, 2025 decreased 10% to 8,544 bpd

WHITE OWL ENERGY SERVICES INC. MANAGEMENT DISCUSSION OF FINANCIAL RESULTS – Q2 2025

from 9,500 bpd for the comparable 2024 period, due to the low volumes in the first two months of the period. In addition, the temporary 15-day shut-down in February, as mentioned above, impacted disposal volumes for the current six-month period. A 52% increase in oil-rich flowback disposal volumes led to oil volumes increasing 49% to 14,163 barrels for the six months ending June 30, 2025, from 9,493 barrels for the comparable 2024 quarter.

Revenues and Pricing:

Q2 2025 revenue, net to White Owl, increased 72% to \$769,000 from \$448,000 for Q2 2024 due to increased disposal and oil volumes. Disposal revenue increased 62% to \$472,000 for Q2 2025 from \$292,000 for Q2 2024, with most of the increase attributable to a two-fold increase in flowback revenue. Oil revenue increased 91% to \$297,000 for Q2 2025 from \$156,000 for Q2 2024, as the 144% increase in volumes significantly offset a lower netback oil price.

For the six months ending June 30, 2025, revenue increased 28% to \$1,358,000 from \$1,058,000, primarily due to a 30% increase in oil revenue, along with the inclusion of the above-mentioned one-time receipt of \$89,000 (net) from the pipeline-connected customer in Q1 2025 as compensation for the 15-day shut-down.

Operating Costs and Royalties:

For the six months ending June 30, 2025, operating costs and royalties remained relatively unchanged at \$688,000 (\$0.95 per barrel) compared to \$681,000 (\$0.84 per barrel) for the comparable 2024 period. The increase in the unit operating cost is primarily due to solids disposal costs which accounted for \$0.10 per barrel of the increase.

Q2 2025 operating costs and royalties increased 30% to \$435,000 (\$0.96 per barrel) from \$335,000 (\$0.97 per barrel) for Q2 2024, primarily due to increased disposal volumes, with the unit operating cost remaining consistent between the quarters.

Capital Projects:

Capital projects at the Tioga SWD facility were minimal in the three and six months ending June 30, 2025.

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 White Owl Epping Joint Venture ("Epping JV").

Environmental and Safety:

There were no spills, environmental incidents, or safety incidents in the three and six months ending June 30, 2025, and no incidents in the 2024 year.

WHITE OWL ENERGY SERVICES INC. MANAGEMENT DISCUSSION OF FINANCIAL RESULTS – Q2 2025

Operating Income:

Q2 2025 operating income increased over five-fold to \$136,000 from \$24,000, primarily due to disposal and oil revenue increasing 87% and 124%, respectively.

For the six months ending June 30, 2025, operating income decreased 29% to \$127,000 from \$178,000 for the comparable 2024 period primarily due to a well workover costing \$168,000, net to White Owl, in the first quarter. The workover on Well #1 was successfully completed in mid-January 2025 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 9,874 bpd and 9,992 bpd for the three and six months ending June 30, 2025, an increase of 56% and 28% from 6,324 bpd and 7,800 bpd, respectively, for the comparable 2024 periods.

Oil recovery has also improved over the last half of 2024 with oil sales volumes averaging approximately 1,500 per month for the six months ending June 30, 2025, versus a monthly average of 900 barrels per month for the 2024 year. Q2 2025 oil recovery increased almost three-fold to 4,173 barrels from 1,445 barrels for Q2 2024, primarily due to a six-fold increase in oil-rich flowback volumes, resulting from increased producer well completion activity in the area. For the six months ending June 30, 2025, oil volumes increased 53% to 8,937 barrels from 5,857 barrels for the comparable 2024 period due to higher disposal volumes.

Revenues and Pricing:

Q2 2025 revenue almost doubled to \$378,000 from \$193,000 for Q2 2024 due to increased disposal and oil revenue. Disposal revenue increased 86% to \$272,000 from \$146,000 due to a 56% increase in volumes and higher pricing. Oil revenue more than doubled to \$106,000 from \$47,000, as a 189% increase in oil sales volumes significantly more than offset a lower netback oil price.

For the six months ending June 30, 2025, revenue increased 41% to \$782,000 from \$556,000 for the comparable 2024 period, due to higher disposal and oil revenue. Fluid disposal revenue increased 43% to \$533,000 for 2025 from \$374,000 in 2024 due to a 28% increase in disposal volumes and higher pricing. Oil sales revenue increased 37% to \$249,000 for the current six-month period from \$182,000 for comparable 2024 period, with a 53% increase in oil volumes partially offset by a lower netback oil price.

WHITE OWL ENERGY SERVICES INC.

MANAGEMENT DISCUSSION OF FINANCIAL RESULTS – Q2 2025

Operating Costs and Royalties:

Q2 2025 operating costs and royalties decreased to \$0.77 per barrel from \$0.84 per barrel for Q2 2024, as the fixed component of operating costs was spread across the increased disposal volumes. In terms of dollars, operating costs and royalties increased 43% to \$242,000 from \$169,000 for Q2 2024.

For the six months ending June 30, 2025, operating costs increased 73% to \$655,000 (\$1.03 per barrel) from \$378,000 (\$0.76 per barrel) for the comparable 2024 period primarily due to increased disposal volumes and the previously mentioned well workover which was completed in the first quarter and cost \$168,000 (\$0.27 per barrel).

Capital Projects:

There were minimal capital projects for this facility for the three and six months ending June 30, 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. As of June 30, 2025, the Company has satisfied this commitment and completed the required turnaround and maintenance projects.

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 is 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 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% interest in the Killdeer JV.

WHITE OWL ENERGY SERVICES INC.

MANAGEMENT DISCUSSION OF FINANCIAL RESULTS – Q2 2025

Environmental and Safety:

There were no spills, environmental incidents, or safety incidents in the three and six months ending June 30, 2025, and no incidents in the 2024 year.

Operating Income:

For the six months ending June 30, 2025, operating income totaled \$89,000, net to White Owl, comprising \$63,000 for Q2 2025 and \$26,000 for Q1 2025. June 2024 was the first month of operation under White Owl's ownership and management and recorded operating income of \$124,000 in Q2 2024, a substantial portion of which was related to the sale of oil inventory on-hand.

Volumes:

Since Fall 2024, producer drilling and completion activity has been busy in the Killdeer area, with four to six drilling rigs typically operating in the area, although this has slowed to about two rigs since the end of the second quarter 2025. Despite this activity, volumes at the Killdeer SWD facility remained relatively low in the 3,000 to 4,000 bpd range over the first four months of 2025, as White Owl completed the delayed maintenance and plant improvements required under the terms of the JV Agreement. With most of the maintenance and improvements now completed, disposal volumes increased in June 2025 to average 8,086 bpd, twice the volume level of previous months. This increased volume level is continuing into the third quarter.

Revenues and Pricing:

For the three and six months ending June 30, 2025, revenue is \$168,000 and \$276,000, respectively, with disposal revenue accounting for \$121,000 and \$192,000, respectively. Oil sales revenue totaled \$47,000 and \$84,000 for the three and six months ending June 30, 2025, respectively.

Operating Costs and Royalties:

Operating costs and royalties totaled \$105,000 (\$0.91 per barrel) and \$187,000 (\$0.93 per barrel) for the three- and six months ending June 30, 2025, respectively.

Capital Projects:

In addition to completing the US\$800,000 (gross) commitment under the JV Agreement in Q2 2025, the Company has also completed capital improvements for the three and six months ending June 30, 2025, totaling \$66,000 (net to White Owl) and \$100,000 (net), respectively. These improvements included connecting the site to rural water, the installation of an oil water separator tank, and complete the installation of a desand tank.

WHITE OWL ENERGY SERVICES INC.

MANAGEMENT DISCUSSION OF FINANCIAL RESULTS – 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 half of 2025.

OTHER REVENUE

Other revenue includes operational, administration and capital fees charged by White Owl for management services provided by White Owl to the Tioga JV, Epping JV and Killdeer JV, as well as interest earned on cash deposits. Other revenue for the three and six months ending June 30, 2025, increased 41% and 46% to \$161,000 and \$331,000, respectively, from \$114,000 and \$226,000 for the three and six months ending June 30, 2024, respectively. The increase in other revenue is primarily due to fees earned for management of the Killdeer JV in which White Owl acquired an interest effective June 1, 2024.

G&A EXPENSES

(\$000's)	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Salaries and management expenses	393	341	772	666
Professional Fees	110	134	222	187
Travel and related expenses	20	28	34	59
General office expenses	76	75	143	167
Third party consulting fees	15	15	41	31
Total	614	593	1,212	1,110

Salaries and management expenses for the three- and six months ending June 30, 2025, increased primarily due to cost-of-living increases for non-management staff effective January 1, 2025.

For the six months ending June 30, 2025, G&A expenses totaled \$1,212,000 compared to \$1,110,000 for the comparable 2024 period. Professional fees increased to \$222,000 from \$187,000, primarily due to one-time professional fees related to banking and corporate income tax matters.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization increased to \$632,000 for Q2 2025 from \$559,000 for Q2 2024 due to the Corporation acquiring an interest in the Killdeer SWD in June 2024. For the same reason, depreciation and amortization for the six months ending June 30, 2025, increased to \$1,274,000 from \$1,101,000 for the comparable 2024 period.

IMPAIRMENT

At June 30, 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.

WHITE OWL ENERGY SERVICES INC.

MANAGEMENT DISCUSSION OF FINANCIAL RESULTS – Q2 2025

At December 31, 2024, 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.

FINANCE COSTS

(\$000's)	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Interest on long-term debt	40	97	92	202
Interest on lease liabilities	6	3	10	5
Accretion of decommissioning obligations	17	15	35	29
Accretion of transaction costs	22	43	50	91
Interest (income) expenses, bank charges and other	16	21	20	31
Total	101	179	207	358

The interest rate on long-term debt is calculated at the US dollar floating interest rate plus 1.50%. For the three months ending June 30, 2025, the Company’s average interest rate on the senior lender’s long-term debt was 10.37% compared to 11.35% for Q2 2024. For the six months ending June 30, 2025, the Company’s average interest rate on the senior lender’s long-term debt was 10.29% compared to 11.36% for the comparable 2024 period.

For the three and six months ending June 30, 2025, interest on long-term debt decreased to \$40,000 and \$92,000, respectively, from \$97,000 and \$202,000 for the 2024 comparable periods, respectively, due to lower outstanding debt, (Please see “**Long-Term Debt and Operating Loan**” on Page 22). The average outstanding debt decreased by 50% to US\$1.3 million for the six months ending June 30, 2025, from US\$2.6 million for the comparable 2024 comparable period.

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 June 30, 2025, the Company recorded foreign exchange gains of \$1,256,000 compared to a foreign exchange loss of \$217,000 for Q2 2024. For the six months ending June 30, 2025, the Company recorded foreign exchange gains of \$1,267,000 compared to a foreign exchange loss of \$700,000 for the comparable 2024 period. The average CAD to USD exchange rate for Q2 2025 was 1.3841 compared to 1.3684 for Q2 2024. For the six months ending June 30, 2025, the CAD to USD average exchange rate was 1.4095 versus 1.3586 for the 2024 comparable period.

WHITE OWL ENERGY SERVICES INC.

MANAGEMENT DISCUSSION OF FINANCIAL RESULTS – Q2 2025

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 and six months ending June 30, 2025, the Company recorded share-based payments of \$53,000 and \$142,000, respectively, compared to \$5,000 and \$10,000 for the comparable 2024 periods, respectively. 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)	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
Revenue	\$5,308	\$5,454	\$5,143	\$4,962	\$5,094	\$5,279	\$5,273	\$5,834
EBITDA ⁽¹⁾	1,302	2,091	1,356	1,675	1,705	2,094	1,541	1,884
Net income	1,657	1,264	942	1,216	1,118	881	770	685

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

The decrease in EBITDA to \$1,302,000 for Q2 2025 from \$2,091,000 for Q1 2025 is primarily due to lower oil sales revenue (due to a lower netback oil price) and higher well repair costs. Q2 2025 includes a foreign exchange gain which contributed to net income increasing to \$1,657,000 from \$1,264,000 for Q1 2025. The increase in net income to \$1,264,000 for Q1 2025 from \$942,000 for Q4 2024 is mainly the result of the recording of a foreign exchange loss in Q4 2024. The increase in net income 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 acquisition of an interest in the Killdeer JV. This bargain purchase gain was partially offset by a loss of \$375,000 related to the White Owl's disposition of 50% of its participating interest in the Killdeer JV.

LIQUIDITY AND CAPITAL RESOURCES

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

WHITE OWL ENERGY SERVICES INC.
MANAGEMENT DISCUSSION OF FINANCIAL RESULTS – Q2 2025

Investing Activities

(\$000's)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Additions to property, plant and equipment	99	286	423	963
Proceeds from the sale of property, plant and equipment	(65)	-	(65)	-
Total capital expenditures	34	286	358	963

Capital Expenditures:

Additions to property plant and equipment for the six months ending June 30, 2025, totaled \$423,000 and include \$132,000 at the Ross SWD facility to complete the installation and commissioning of the injection pump. At the Killdeer SWD facility, \$100,000 was incurred to connect the site to rural water, install an oil water separator tank, and complete the installation of a desand tank. Other capital expenditures in the current six-month period include \$48,000 at the New Town SWD facility and \$98,000 for computer software.

The proceeds from sale of property, plant and equipment comprise the sale of four used positive displacement pumps from 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	141	-	-	1,658	141
Issuance of common shares	-	3	-	-	-	3
Balance June 30, 2025	70,193	\$21,510	26,469	\$12,353	99,662	\$33,863

As at June 30, 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 June 30, 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 six months ending June 30, 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.

WHITE OWL ENERGY SERVICES INC.

MANAGEMENT DISCUSSION OF FINANCIAL RESULTS – Q2 2025

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 June 30, 2025	Position at December 31, 2024
Fixed charge coverage ratio	1.88	1.68

As at June 30, 2025, and December 31, 2024, the Company was compliant with all covenants provided for in the loan agreement.

On July 2, 2025, the Company entered into an agreement with a new financial institution for a US\$6,000,000 non-revolving reducing term loan facility. On July 2, 2025, the Company repaid the term loan balance outstanding of US\$931,678.

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 any time exceed the lesser of the margin requirements as defined in the loan agreement and US\$1,000,000. As at June 30, 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 June 30, 2025 (December 31, 2024 – \$nil).

WHITE OWL ENERGY SERVICES INC.

MANAGEMENT DISCUSSION OF FINANCIAL RESULTS – Q2 2025

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 June 30, 2025	Position at December 31, 2024
Cash Flow Coverage Ratio	20.68	15.98
Debt to Tangible Net Worth Ratio	0.32	0.38
Current Ratio	1.75	1.32

As at June 30, 2025, and December 31, 2024, the Company was compliant with all covenants provided for in the operating loan agreement.

On July 2, 2025, the Company entered into an agreement with a new financial institution for a US\$1,000,000 non-revolving operating loan facility and the operating loan was cancelled.

Net Debt To EBITDA:

The following table details the composition of the Corporation's net debt to EBITDA as at June 30, 2025, and December 31, 2024:

Net Debt (\$ thousands, except ratio amounts)	Position at June 30, 2025	Position at December 31, 2024
Non-current long-term debt	-	567
Non-current lease liabilities	64	112
Current liabilities	5,211	5,750
Current assets	(9,096)	(7,598)
Net debt	(3,821)	(1,169)
EBITDA (trailing twelve months)	6,425	6,831
Net debt to EBITDA ratio	(0.59)	(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.

WHITE OWL ENERGY SERVICES INC.

MANAGEMENT DISCUSSION OF FINANCIAL RESULTS – Q2 2025

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

OUTLOOK

North Dakota Bakken Activity

The rig count presently remains steady at 33 and wells permitted remain consistent at approximately 90-100 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. The North Dakota Industrial Commission ("NDIC") recently reported a consistent increase in 3-mile and 4-mile lateral permits, which should in turn mean increased flowback volumes at time of well completion. In addition, there has been an increase in inactive wells and wells awaiting completion during the past couple of months, which indicates that there is a direct correlation with the current volatility in oil price. The Corporation will continue to monitor this against the State's oil production in the coming months along with the active rig count.

The State of North Dakota is very aware of the impact which a volatile price environment can have on activity levels. At a recent North Dakota Industrial Commission (NDIC) meeting held on May 22, 2025, the Department of Mineral Resources (DMR) requested that an updated Non-Completion Well Waiver policy be adopted. As the current rules state, producers must either put the wells into production or plug them at the one-year mark to avoid being put on abandoned status. The new policy, which is effective immediately, allows producers an additional year to complete the well after it has been drilled. The DMR, states, "Due to a soft pricing environment and the potential for rig and/or activity level reductions, the DMR is implementing this waiver as it has done in the past. The goal is that the waiver will assist operators in maintaining healthy activity levels."

Where White Owl's operations are concerned, there has been a recent increase in drilling and completion activity around our Ross, Tioga and Watford SWD facilities, resulting in these sites currently operating at close to full capacity levels. As a result, White Owl is pleased with its purchase of an additional 28% in the Tioga JV, effective July 1, 2025, which is expected to result in a strong addition to the Corporation's EBITDA. The areas around the Epping and Killdeer SWD facilities have also been busy, resulting in improved disposal volume levels at Epping since Q4 2024 and at Killdeer since June 2025. Notably, the pipeline connected customer at the Epping SWD facility 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.

WHITE OWL ENERGY SERVICES INC.

MANAGEMENT DISCUSSION OF FINANCIAL RESULTS – Q2 2025

Looking ahead, a main concern for White Owl continues to be 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 recent rate increases and possibly more.

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 (“DAPL”) 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. With the current US Administration favouring oil and gas activity, we are not expecting the status of DAPL to change anytime soon. This pipeline has been operational since June 1, 2017, transporting approximately 600,000 barrels of oil per day.

Corporate Review

With our strong balance sheet (net debt of \$0), management and the Board of Directors are currently assessing and budgeting its alternatives for preferred share repurchases and capital expansion to determine what is in the best interests for all stakeholders.

As discussed above, capital expansion commenced with the July 2, 2025, purchase of an additional 28% interest in the Tioga JV. The Tioga SWD facility has a very positive outlook, given the amount of producer activity in the area, with White Owl now holding a 75% ownership position in the Tioga JV. The Company has several other 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.

The new US\$6 million term loan facility (“Term Loan”) which closed on July 2, 2025, will provide the Corporation with financial flexibility to achieve some of its near-term objectives. For example, on July 2, 2025, \$3 million was drawn by the Corporation on the Term Loan to fully repay the previous lender’s term loan, the US\$1.5 million purchase of an 28% interest in the White Owl Tioga JV and to fund upgrade capital expenditures. The remaining US\$3 million available under the Term Loan is scheduled to fund capital expansion projects and a repurchase of preferred shares in the second half of 2025.

WHITE OWL ENERGY SERVICES INC.

MANAGEMENT DISCUSSION OF FINANCIAL RESULTS – Q2 2025

The Corporation is committed to maintaining a strong cash position and a conservative net debt to EBITDA level going forward. At June 30, 2025, the Corporation's cash balance totaled \$3.9 million (US\$2.9 million) and its net debt to EBITDA was zero.

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 57% of available capacity. Thank you for your commitment and loyalty and for your assistance in achieving strong operating and financial results for the three and six months ending June 30, 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.

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

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to, the following: corporate strategy; general market conditions; the oil and natural gas industry; activity levels in the oil and gas sector, including market fundamentals, drilling levels, commodity prices for oil and natural gas; demand for the Company's services; operational performance; expansion strategy; debt service; capital expenditures; completion of facilities; the impact of new facilities on the Company's financial and operational performance; future capital needs; and access to capital through equity market and debt markets.

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

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