



August 14, 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 and six months ending June 30, 2025.

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CONFERENCE CALL

The Company will host a conference call on Friday, August 15, 2025, at 9:00 a.m. MST (11:00 a.m. EST) 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 (\$ amounts in CAD)

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.
- 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 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 TABLE - CONSOLIDATED (amounts in CAD except volumes)

(\$000's, unless otherwise noted)	Three months ended			Six months ended		
	June 30,			June 30,		
	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.



OPERATING LOCATIONS (dollar amounts in USD):

New Town SWD

		New Town Facility (amounts in USD except volumes)					
		Q2 2025	Q2 2024	Change	YTD 2025	YTD 2024	Change
Production Water - Trucked	b/d	5,322	11,147	-52%	6,490	12,300	-47%
Flowback	b/d	172	444	-61%	184	253	-27%
Total Fluids Disposed	b/d	5,494	11,590	-53%	6,674	12,553	-47%
Oil Sales	b/qtr, yr	4,050	4,414	-8%	8,979	11,459	-22%
Revenue:							
Production Water - Trucked		\$ 266,341	\$ 485,693	-45%	\$ 647,273	\$ 1,067,531	-39%
Price for Production Water/bbl		0.55	0.48	15%	0.55	0.48	16%
Flowback		34,956	62,344	-44%	58,368	69,259	-16%
Price for Flowback/bbl		2.23	1.54	44%	1.75	1.51	16%
Recovered Oil		212,667	303,057	-30%	505,851	755,759	-33%
Price for Oil/bbl		52.51	68.66	-24%	56.34	65.95	-15%
Total Revenue		513,964	851,094	-40%	1,211,492	1,892,549	-36%
Total Revenue/bbl.		\$1.03	\$0.81	27%	\$1.00	\$0.83	21%
Operating Costs and Royalties		581,834	459,097	27%	917,715	961,178	-5%
Operating Income (loss)		\$ (67,870)	\$ 391,997	-117%	\$ 293,777	\$ 931,371	-68%

Highlights for Second Quarter and Year-to-Date 2025:

- No spills, environmental incidents, or safety incidents.
- Decrease in operating income, primarily due to a well workover in April 2025 costing \$208,000 and competition from a neighboring SWD facility which returned to operation in Q4 2024 after a lengthy shut-down for maintenance.
- 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.
- 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 \$0.76 per barrel for the six months ending June 30, 2025, from \$0.42 per barrel for the comparable 2024 period, 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 for the six months ending June 30, 2025, totaled \$34,000 and related to an upgrade to the programmable logic control and automation system

Watford City SWD

		<i>Watford Facility (amounts in USD except volumes)</i>					
		<u>Q2 2025</u>	<u>Q2 2024</u>	<u>Change</u>	<u>YTD 2025</u>	<u>YTD 2024</u>	<u>Change</u>
Production Water - Trucked	b/d	9,158	8,968	2%	9,413	8,667	9%
Production Water - Piped	b/d	0	0	0%	0	1	0%
Flowback	b/d	553	768	-28%	427	689	-38%
Total Fluids Disposed	b/d	9,710	9,735	0%	9,839	9,357	5%
Oil Sales	b/qtr, yr.	7,443	6,536	14%	13,234	15,126	-13%
Revenue:							
Production Water - Trucked		\$ 458,329	\$ 404,462	13%	\$ 934,672	\$ 783,240	19%
Price for Prodn. Water-Trucked/bbl		0.55	0.50	11%	0.55	0.50	10%
Production Water - Piped		0	0	0%	0	87	-100%
Price for Prodn. Water Piped/bbl		0.00	0.00	0%	0.00	0.47	-100%
Flowback		71,631	88,250	-19%	112,885	159,323	-29%
Price for Flowback/bbl		1.42	1.26	13%	1.46	1.27	15%
Recovered Oil		387,415	446,101	-13%	729,922	1,004,778	-27%
Price for Oil/bbl		52.05	68.25	-24%	55.15	66.43	-17%
Other Income		0	0	0%	0	0	0%
Total Revenue		917,375	938,813	-2%	1,777,479	1,947,428	-9%
Total Revenue/bbl.		1.04	1.06	-2%	1.00	1.14	-13%
Operating Costs and Royalties		590,099	432,502	36%	1,000,788	781,603	28%
Operating Income		\$ 327,276	\$ 506,311	-35%	\$ 776,691	\$ 1,165,825	-33%

Highlights for Second Quarter and Year-to-Date 2025:

- No spills, environmental incidents, or safety incidents.
- Operating income decrease is primarily due to lower oil revenue and higher repairs and maintenance costs. 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.
- Oil recovery can vary from month to month as it depends on the mix of production and flowback volumes and customer mix. This is evident for the Watford SWD facility, with Q2 2025 oil sales volumes increasing 13% compared to Q2 2024, while disposal volumes remained flat. For the six months ending



June 30, 2025, oil volumes decreased 13%, even though disposal volumes increased 5% between the two six-month periods.

- For the three and six months ending June 30, 2025, operating costs and royalties increased to \$0.67 per barrel and \$0.56 per barrel, respectively, from \$0.49 per barrel and \$0.46 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 electrical drive damage caused by a storm in mid-June and transfers from spare parts inventory.
- Capital projects for this facility were minimal for the three and six months ending June 30, 2025.

Ross SWD

Ross Facility (amounts in USD except volumes)							
		Q2 2025	Q2 2024	Change	YTD 2025	YTD 2024	Change
Production Water - Trucked	b/d	11,636	8,643	35%	13,207	9,001	47%
Flowback	b/d	1,938	1,475	31%	1,571	1,216	29%
Total Fluids Disposed	b/d	13,574	10,117	34%	14,779	10,217	45%
Oil Sales	b/qtr, yr.	6,894	5,756	20%	14,408	12,280	17%
Revenue:							
Production Water - Trucked		\$ 582,399	\$ 398,853	46%	\$ 1,307,487	\$ 829,982	58%
Price for Production Water/bbl		0.55	0.51	8%	0.55	0.51	8%
Flowback		226,326	180,124	26%	376,911	290,398	30%
Price for Flowback/bbl		1.28	1.34	-4%	1.33	1.31	1%
Recovered Oil		359,389	391,932	-8%	801,614	811,056	-1%
Price for Oil/bbl		52.13	68.09	-23%	55.64	66.05	-16%
Other Income		0	0	100%	0	0	100%
Total Revenue		1,168,114	970,909	20%	2,486,012	1,931,436	29%
Total Revenue/bbl.		0.95	1.05	-10%	\$0.93	\$1.04	-11%
Operating Costs and Royalties		639,487	630,597	1%	1,238,284	1,265,668	-2%
Operating Income (Loss)		\$ 528,627	\$ 340,312	55%	\$ 1,247,728	\$ 665,768	87%

Highlights for Second Quarter and Year-to-Date 2025:

- No spills, environmental incidents, or safety incidents.
- For the six months ending June 30, 2025, operating income almost doubled compared to the 2024 six-month period, primarily due to disposal revenue increasing 56% as volumes and disposal pricing increased 45% and 8%, respectively, while operating costs remained relatively consistent between the periods.



- Increased producer drilling and completion activity in the second half of last year resulted in the increase in disposal volumes for the three and six months ending June 30, 2025, versus the comparable 2024 period. Flowback volumes which are rich in oil content, increased 29% between the two six-month periods due to the increased activity. The increased flowback led to a 20% and 17% increase in oil sales volumes for the current three and six month periods versus the comparable 2024 periods.
- The significant decrease in unit operating cost to \$0.52 per barrel and \$0.46 per barrel for the three- and six-months ending June 30, 2025, respectively, from \$0.68 per barrel for each of the 2024 comparable periods 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 \$0.07 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.
- For the three and six months ending June 30, 2025, capital expenditures totaled \$21,000 and \$93,000, respectively, primarily to complete the installation and commissioning of the injection pump which was purchased in 2024.

Alexander Class 1 Facility

		Alexander Facility (Amounts in USD except volumes)					
		<u>Q2 2025</u>	<u>Q2 2024</u>	<u>Change</u>	<u>YTD 2025</u>	<u>YTD 2024</u>	<u>Change</u>
Class 1 Water-Trucked	b/d	287	511	-44%	177	345	-49%
Total Fluids Disposed	b/d	287	511	-44%	177	345	-49%
Class 1 Water	b/qtr. yr.	26,102	46,011	-43%	32,074	62,438	-49%
Revenue:							
Class 1 Water		\$ 170,228	\$ 287,306	-41%	\$ 209,704	\$ 385,742	-46%
Price for Class 1 Water		6.52	6.24	4%	6.54	6.18	6%
Total Revenue		170,228	287,306	-41%	209,704	385,742	-46%
Total Revenue/bbl.		6.52	6.24	4%	6.54	6.18	6%
Operating Costs and Royalties		69,472	107,219	-35%	129,849	187,695	-31%
Operating Income		\$ 100,756	\$ 180,087	-44%	\$ 79,855	\$ 198,047	-60%

Highlights for Second Quarter and Year-to-Date 2025:

- No spills, environmental incidents, or safety incidents.
- The lower operating income is due to lower disposal volumes.
- For the six months ending June 30, 2025, low water levels in leachate ponds resulting from dry weather conditions led to lower disposal volumes, compared to the comparable 2024 period. We are expecting Q3



2025 disposal volumes to return to more historical levels due to heavy rains in Spring 2025 filling the leachate ponds.

- Capital projects for this facility were minimal, totaling \$9,000 for the three and six months ending June 30, 2025.

Tioga SWD JV Facility

Tioga (Volumes 100%, dollar amounts at 47% in USD)							
		Q2 2025	Q2 2024	Change	YTD 2025	YTD 2024	Change
Production Water-Trucked	b/d	3,684	2,810	31%	3,589	5,767	-38%
Production Water-Piped	b/d	4,748	3,961	20%	3,223	2,595	24%
Flowback	b/d	2,213	1,334	66%	1,732	1,137	52%
Total Fluids Disposed	b/d	10,645	8,104	31%	8,544	9,499	-10%
Oil Sales	b/qtr. yr.	8,519	3,493	144%	14,163	9,493	49%
Revenue:							
Production Water - Trucked		\$ 86,666	\$ 60,319	44%	\$ 166,623	\$ 254,578	-35%
Price for Prodn. Water-Trucked/bbl		0.55	0.50	10%	0.26	0.24	5%
Production Water - Piped		125,915	88,087	43%	166,518	115,400	44%
Price for Prodn. Water Piped/bbl		0.62	0.52	19%	0.29	0.24	17%
Flowback		128,726	64,885	98%	200,732	114,045	76%
Price for Flowback/bbl		1.36	1.14	20%	0.64	0.55	16%
Recovered Oil		215,273	113,898	89%	371,490	296,058	25%
Price for Oil/bbl		53.77	69.38	-23%	26.23	31.19	-16%
Other		0	0	100%	62,040	0	100%
Total Revenue		\$556,580	327,190	70%	967,403	780,081	24%
Total Revenue/bbl.		1.22	0.94	30%	0.63	0.45	39%
Operating Costs and Royalties		314,916	244,700	29%	491,345	500,703	-2%
Operating Income		\$ 241,664	\$ 82,490	193%	\$ 476,058	\$ 279,378	70%

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 Second Quarter and Year-to-Date 2025:

- 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.
- No spills, environmental incidents, or safety incidents.



- Q2 2025 operating income increased three-fold over 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, the increase in operating income is primarily due to higher disposal and oil revenue and receipt of compensation of \$62,000 (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.
- 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.
- Operating costs and royalties decreased to \$0.69 per barrel for Q2 2025 from \$0.71 per barrel for Q2 2024. Operating costs and royalties increased to \$0.68 per barrel for the six months ending June 30, 2025, from \$0.62 per barrel for the comparable 2024 period because disposal volumes were lower for the current six-month period. The lower disposal volumes were primarily due to the 15-day shut down in Q1 2025, 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 the three and six months ending June 30, 2025.

Epping SWD JV

Epping (Volumes 100%, Dollar amounts at 35% Working Interest in USD)

		Q2 2025	Q2 2024	Change	YTD 2025	YTD 2024	Change
Production Water-Trucked	b/d	6,032	3,230	87%	6,976	4,279	63%
Production Water-Piped	b/d	3,091	2,976	4%	2,536	3,057	-17%
Flowback	b/d	751	118	537%	480	464	3%
Total Fluids Disposed	b/d	9,874	6,324	56%	9,992	7,800	28%
Oil Sales	b/qtr. yr.	4,173	1,445	189%	8,937	5,857	53%
Revenue:							
Production Water-Trucked		\$ 105,474	\$ 51,937	103%	\$241,160	\$136,350	77%
Price for Production Water/bbl		0.55	0.50	9%	0.55	0.50	9%
Production Water-Piped		57,103	49,293	16%	91,011	101,257	-10%
Price for Production Water/bbl		0.58	0.52	12%	0.57	0.52	9%
Flowback		33,913	5,317	538%	46,344	37,781	23%
Price for Flowback/bbl		1.42	1.42	0%	1.52	1.28	19%
Recovered Oil		76,562	34,582	121%	176,118	134,789	31%
Price for Oil/bbl		52.43	68.38	-23%	56.31	65.75	-14%
Total Revenue		273,052	141,129	93%	554,633	410,178	35%
Total Revenue/bbl.		0.87	0.71	23%	0.88	0.83	6%
Operating Costs and Royalties		174,823	122,743	42%	462,365	278,091	66%
Operating Income		\$ 98,230	\$18,386	434%	\$92,267	\$132,087	-30%



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 Second Quarter and Year-to-Date 2025:

- No spills, environmental incidents, or safety incidents.
- 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. 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.
- Q2 2025 operating income increased over five-fold, primarily due to disposal and oil revenue increasing 84% and 121%, respectively.
- The decrease in operating income for the six months ending June 30, 2025, is primarily due to a well workover costing \$117,000, 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.
- Q2 2025 operating costs and royalties decreased to \$0.56 per barrel from \$0.61 per barrel for Q2 2024, as the fixed component of operating costs was spread across increased disposal volumes (up 56% between the quarters). For the six months ending June 30, 2025, operating costs increased to \$0.73 per barrel from \$0.56 per barrel for the comparable 2024 period primarily due to the previously mentioned well workover which was completed in the first quarter and cost \$117,000 (\$0.18 per barrel).
- There were minimal capital projects for this facility for the three and six months ending June 30, 2025.

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Killdeer SWD JV Facility

Killdeer Facility (vols.100%, Dollar amounts at 25%WI in USD)							
		Q2 2025	Q2 2024	Change	YTD 2025	YTD 2024	Change
Production Water-Trucked	b/d	3,222	564	471%	3,027	564	437%
Production Water-Piped	b/d	754	869	-13%	740	869	-15%
Flowback	b/d	1,113	1,681	-34%	658	1,681	-61%
Total Fluids Disposed	b/d	5,089	3,114	63%	4,425	3,114	42%
Oil Sales	b/qtr	2,586	3,421	-24%	4,370	3,421	28%
Revenue							
Production Water-Trucked		\$ 39,843	\$ 3,321	1100%	\$ 73,463	\$ 3,321	2112%
Price for Production Water/bbl		0.55	0.49	12%	0.54	0.49	9%
Production Water-Piped		9,438	5,215	81%	18,417	5,215	253%
Price for Production Water/bbl		0.56	0.50	11%	0.55	0.50	10%
Flowback		38,029	26,604	43%	44,580	26,604	68%
Price for Flowback/bbl		1.52	1.32	15%	1.50	1.32	14%
Recovered Oil		34,833	87,923	-60%	60,634	87,923	-31%
Price for Oil/bbl		53.88	64.25	-16%	55.50	64.25	-14%
Other Income		0	0	100%	0	0	
Total Revenue		122,143	123,063	-1%	197,094	123,063	60%
Total Revenue/bbl.		1.07	3.29	-68%	0.98	3.29	-70%
Operating Costs and Royalties		75,880	32,296	135%	132,754	32,296	311%
Operating Income		\$ 46,263	\$ 90,767	-49%	\$ 64,340	\$ 90,767	-29%

The discussion below is based on total volumes for the facility while the financial information represents White Owl's 25% interest in the White Owl Killdeer Joint Venture ("Killdeer JV").

Highlights for Second Quarter and Year-to-Date 2025:

- Effective June 1, 2024, the Company entered into the Killdeer Joint Venture Agreement ("JV Agreement"). Pursuant to the Killdeer JV, White Owl and its partner were committed to spend 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"). 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.
- For the six months ending June 30, 2025, operating income totaled \$64,340, net to White Owl, comprising \$46,263 for Q2 2025 and \$18,077 for Q1 2025. June 2024 was the first month of operation under White



Owl's ownership and management and recorded operating income of \$90,767 in Q2 2024, a substantial portion of which was related to the sale of oil inventory on-hand.

- 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 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.
- Operating costs and royalties averaged \$0.66 per barrel and \$0.68 per barrel for the three- and six-months ending June 30, 2025, respectively.
- In addition to completing the \$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 \$47,000 (net to White Owl) and \$70,000 (net), respectively. These improvements included connecting the site to rural water, the installation of an oil water separator tank, and the installation of a desand tank. 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.

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.

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.

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.

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.