Condensed Consolidated Interim Financial Statements of

WHITE OWL ENERGY SERVICES INC.

For the three and nine months ended September 30, 2025 and 2024

(Unaudited) (Expressed in thousands of Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

As per the disclosure requirements of National Instrument 51-102, Part 4, subsection 4.3(3)(a), this note is to inform readers that White Owl Energy Services Inc. (the "Company") has elected not to review these condensed consolidated interim financial statements and notes with its auditors.

The accompanying condensed consolidated interim financial statements of White Owl Energy Services Inc. as at and for the three and nine months ended September 30, 2025 have been internally prepared by, and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

WHITE OWL ENERGY SERVICES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
(Unaudited) (Expressed in thousands of Canadian dollars)

	September 30, 2025	December 31, 2024
ASSETS		
CURRENT		
Cash and cash equivalents	**4,963**	3,337
Trade and other receivables (Note 12)	**4,561**	3,992
Promissory note (Note 14)	**-**	23
Deposits and prepaid expenses	**830**	246
	10,354	7,598
Goodwill	**469**	-
Property, plant and equipment (Note 4)	**24,620**	25,095
Total assets	**35,443**	32,693
LIABILITIES		
CURRENT		
Trade and other payables	**3,179**	3,625
Contingent liability (Note 3)	**-**	107
Current portion of long-term debt (Note 6)	**968**	1,770
Current portion of lease liabilities (Note 7)	**153**	122
Current portion of deferred consideration (Note 8)	**118**	122
Current portion of decommissioning liabilities (Note 9)	**4**	4
	4,422	5,750
Long-term debt (Note 6)	**2,769**	567
Lease liabilities (Note 7)	**34**	112
Deferred consideration (Note 8)	**974**	1,099
Decommissioning liabilities (Note 9)	**1,658**	1,537
Total liabilities	**9,857**	9,065
SHAREHOLDERS' EQUITY (DEFICIT)		
Share capital	**33,889**	33,719
Contributed surplus	**1,718**	1,557
Accumulated other comprehensive income	**6,370**	8,109
Deficit	**(16,391)**	(19,757)
Total shareholders' equity	**25,586**	23,628
Total liabilities and shareholders' equity	**35,443**	32,693

Subsequent events (Note 17)

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

WHITE OWL ENERGY SERVICES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(Unaudited) (Expressed in thousands of Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	**2025**	2024
REVENUE (Note 10)	**5,633**	4,962	**16,395**	15,335
EXPENSES				
Operating costs	**3,055**	2,619	**9,213**	8,063
General and administrative	**747**	668	**1,959**	1,777
Bad debt	**-**	-	**-**	19
Depreciation (Note 4)	**682**	617	**1,956**	1,686
Amortization (Note 5)	**-**	16	**-**	48
Finance costs (Note 11)	**233**	152	**441**	511
Foreign exchange (gain) loss	**334**	(310)	**(933)**	390
Share-based payments (Note 15)	**95**	2	**237**	13
Bargain purchase gain (Note 3)	**-**	-	**-**	(750)
Loss on disposition of joint operation interest (Note 3)	**-**	-	**-**	375
(Gain) loss on disposal of property, plant and equipment (Note 4)	**-**	(20)	**113**	(20)
	5,146	3,744	**12,986**	12,112
NET INCOME BEFORE INCOME TAXES	**487**	1,218	**3,409**	3,223
INCOME TAXES				
Current income tax expense	**180**	2	**184**	8
Deferred income tax recovery (Note 3)	**(141)**	-	**(141)**	-
	39	2	**43**	8
NET INCOME	**448**	1,216	**3,366**	3,215
OTHER COMPREHENSIVE INCOME (LOSS)				
Exchange (loss) gain on translating foreign operations	**908**	(653)	**(1,748)**	788
Change in fair value of net investment hedges (Note 12)	**(88)**	40	**9**	(90)
	820	(613)	**(1,739)**	698
NET COMPREHENSIVE INCOME	**1,268**	603	**1,627**	3,913

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

WHITE OWL ENERGY SERVICES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
(Unaudited) (Expressed in thousands of Canadian dollars)

	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
Balance at December 31, 2023	33,471	1,645	4,452	(22,030)	17,538
Net income	-	-	-	3,215	3,215
Other comprehensive income	-	-	698	-	698
Exercise of stock options (Note 15)	85	(35)	-	-	50
Share-based payments (Note 15)	-	13	-	-	13
Balance at September 30, 2024	33,556	1,623	5,150	(18,815)	21,514
Balance at December 31, 2024	33,719	1,557	8,109	(19,757)	23,628
Net income	**-**	**-**	**-**	**3,366**	**3,366**
Other comprehensive loss	**-**	**-**	**(1,739)**	**-**	**(1,739)**
Issuance of common shares (Note 14)	**3**	**-**	**-**	**-**	**3**
Exercise of stock options (Note 15)	**167**	**(76)**	**-**	**-**	**91**
Share-based payments (Note 15)	**-**	**237**	**-**	**-**	**237**
Balance at September 30, 2025	**33,889**	**1,718**	**6,370**	**(16,391)**	**25,586**

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

WHITE OWL ENERGY SERVICES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(Unaudited) (Expressed in thousands of Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	**2025**	2024
CASH FLOWS RELATED TO THE FOLLOWING ACTIVITIES:				
OPERATING				
Net income	**448**	1,216	**3,366**	3,215
Adjustments for non-cash items:				
Depreciation (Note 4)	**682**	617	**1,956**	1,686
Amortization (Note 5)	**-**	16	**-**	48
Accretion of decommissioning obligations (Note 9)	**19**	15	**54**	44
Interest on lease liabilities (Note 7)	**5**	7	**15**	13
Accretion of transaction costs (Note 6)	**52**	39	**102**	130
Unrealized foreign exchange (gain) loss	**385**	(321)	**(900)**	372
Share-based payments (Note 15)	**95**	2	**237**	13
Bargain purchase gain (Note 3)	**-**	-	**-**	(750)
Loss on disposition of joint operation interest (Note 3)	**-**	-	**-**	375
Gain (loss) on disposal of property, plant and equipment (Note 4)	**-**	(20)	**113**	(20)
Deferred income tax recovery (Note 3)	**(141)**	-	**(141)**	-
Change in non-cash working capital (Note 16)	**(460)**	384	**(1,229)**	(464)
Cash from operating activities	**1,085**	1,955	**3,573**	4,662
INVESTING				
Additions to property, plant and equipment (Note 4)	**(272)**	(1,005)	**(695)**	(1,968)
Acquisition of Killdeer joint operation interest (Note 3)	**-**	(274)	**(102)**	(547)
Acquisition of Tioga joint operation interest. net of cash acquired (Note 3)	**(2,010)**	-	**(2,010)**	-
Proceeds on disposition of Killdeer joint operation interest (Note 3)	**-**	-	**-**	409
Proceeds from the sale of property, plant and equipment less costs to sell (Note 4)	**-**	20	**65**	20
Change in non-cash working capital (Note 16)	**52**	330	**(369)**	(151)
Cash used in investing activities	**(2,230)**	(929)	**(3,111)**	(2,237)
FINANCING				
Proceeds from long-term debt (Note 6)	**4,087**	-	**4,087**	-
Long-term debt transaction costs (Note 6)	**(200)**	-	**(200)**	-
Repayment of long-term debt (Note 6)	**(1,696)**	(437)	**(2,600)**	(1,309)
Repayment of lease liabilities (Note 7)	**(42)**	(42)	**(134)**	(103)
Proceeds from repayment of promissory note (Note 14)	**-**	-	**23**	-
Proceeds from exercise of stock options (Note 15)	**8**	-	**91**	50
Proceeds from issuance of common shares (Note 14)	**-**	-	**3**	-
Change in non-cash working capital (Note 16)	**(12)**	(4)	**(23)**	(13)
Cash from (used in) financing activities	**2,145**	(483)	**1,247**	(1,375)
Foreign exchange gain (loss) on cash held in foreign currency	**56**	(30)	**(83)**	7
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,056**	513	**1,626**	1,057
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**3,907**	2,354	**3,337**	1,810
CASH AND CASH EQUIVALENTS, END OF PERIOD	**4,963**	2,867	**4,963**	2,867

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

1. CORPORATE INFORMATION

White Owl Energy Services Inc. ("White Owl") was incorporated under the Business Corporations Act of the province of Alberta on September 26, 2013 (together with its subsidiaries, the "Company"). White Owl Energy Services, Inc. ("White Owl (US)") was incorporated under the laws of the state of North Dakota on September 24, 2013. On November 1, 2013, White Owl acquired all the issued and outstanding shares of White Owl (US) by a share purchase agreement.

The Company is headquartered in Calgary, Alberta and is actively involved in the collection, processing, and disposal of oilfield waste in North Dakota. The Company's registered office is 1150, 1122 – 4th Street SW, Calgary, AB T2R 1M1.

2. BASIS OF PRESENTATION

These condensed consolidated interim financial statements ("consolidated financial statements") have been prepared in accordance with IFRS® Accountings Standard 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board. Accordingly, certain information or footnote disclosure normally included in the annual consolidated financial statements prepared in accordance with IFRS Accounting Standards have been condensed or omitted.

The consolidated financial statements include the financial statements of White Owl, its subsidiaries and the Company's proportionate share of the accounts of its joint operations.

These consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2024.

The consolidated financial statements have been prepared using the same accounting policies and methods as those used in the audited consolidated financial statements for the year ended December 31, 2024. The consolidated financial statements have been presented in Canadian dollars, which is also the Company's functional currency, unless otherwise indicated.

The consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 20, 2025.

3. JOINT OPERATIONS

a) Tioga Joint Venture

Acquisition

In 2016, White Owl entered into a joint arrangement for the construction and operation of a salt-water disposal facility near Tioga, North Dakota ("Tioga joint venture"). The Company contributed equipment, permitting, engineering and project development with a carrying value of US$651,471 and a fair value of US$1,200,000 in exchange for a 32% interest in the Tioga joint venture. An operating committee governs the Tioga joint venture with an appointee from each of the Tioga joint venture partners. Decisions of the operating committee require unanimous consent of the appointees.

A portion of the Tioga joint venture was originally financed in 2016 through Tioga LLC (40% owner) whereby Tioga LLC owners purchased 12.5% per annum debentures ("debentures"). The debentures agreement contained an optional redemption provision, whereby after September 30, 2019, the Company had the option to redeem the total amount of the debentures (the "redemption") at par and in exchange would earn an additional 15% interest in the Tioga joint venture.

Effective January 1, 2020, White Owl completed the redemption and earned an additional 15% interest in the Tioga joint venture for proceeds of $1,016,624 (US$782,500). As a result, after completion of the redemption, White Owl's interest in the Tioga joint venture increased to 47% and White Owl Tioga LLC's interest decreased to 25%.

On July 2, 2025, the Company acquired an additional 28% interest in the Tioga joint venture for US$1,500,000. As a result, the Company's interest in Tioga joint venture has increased to 75% after completion of the acquisition. The operating committee continues to govern the Tioga joint venture with an appointee from each of the remaining Tioga joint venture partners. Decisions of the operating committee require unanimous consent of the appointees.

The acquisition is considered a business combination under IFRS as the assets meet the definition of a business. The acquisition has been accounted for using the acquisition method of accounting, whereby the assets acquired, and the liabilities assumed were recorded at their estimated fair values. White Owl determined the following estimated fair values of the net assets acquired and liabilities assumed based on management's best estimate of fair value and available external documentation, which takes into consideration the condition of the assets acquired, current industry conditions and the discounted future cash flows expected to be received for the assets and expended to settle the outstanding liabilities.

The following table sets out the details of the above acquisition including the consideration given and allocation of the purchase price to the fair value of the assets acquired and liabilities assumed:

($000's)	
Consideration:	
Cash	**2,043**
28% Tioga joint venture payable due to White Owl	**18**
Total consideration	**2,061**
Allocated to:	
Cash	**33**
Trade and other receivable	**290**
Property, plant and equipment (Note 4)	**1,628**
Goodwill	**459**
Trade and other payables	**(130)**
Decommissioning obligations (Note 9)	**(78)**
Deferred tax liability	**(141)**
Net assets and liabilities	**2,061**

The Company accounts for this joint arrangement as a joint operation and accounts for its interest in the Tioga joint venture by recognizing its share of assets, liabilities, revenues and expenses of the joint operation.

b) Killdeer Joint Venture

Acquisition

On June 1, 2024, White Owl and North Dakota SWD Well #1, LLC ("ND SWD Well #1") entered into a joint venture for the purposes of upgrading, operating, decommissioning, and reclaiming (at the end of the joint venture) a saltwater disposal facility located near Killdeer, North Dakota ("Killdeer joint venture"). In exchange for a 50% participating interest in the Killdeer joint venture, the Company paid $272,700 (US$200,000) to ND SWD Well#1 and committed to spending an additional US$800,000 (US$400,000 net to White Owl) (the "initial expenditure") to the joint venture to complete plant turnaround activities and maintenance work. White Owl shall be entitled to distributions from net cash flow of 80% before pay-out of the initial expenditure and 50% after pay-out (see *Amendment to Killdeer Joint Venture Agreement* below). An operating committee governs the Killdeer joint venture with an appointee from each of White Owl and ND SWD Well#1. Decisions of the operating committee require unanimous consent of the appointees.

The acquisition is considered a business combination under IFRS as the assets meet the definition of a business. The acquisition has been accounted for using the acquisition method of accounting, whereby the assets acquired, and the liabilities assumed were recorded at their estimated fair values. White Owl determined the following estimated fair values of the net assets acquired and liabilities assumed based on management's best estimate of fair value and available external documentation, which takes into consideration the condition of the assets acquired, current industry conditions and the discounted future cash flows expected to be received for the assets and expended to settle the outstanding liabilities.

The following table sets out the details of the above acquisition including the consideration given and allocation of the purchase price to the fair value of the assets acquired and liabilities assumed:

($000's)	
Consideration:	
Cash	**273**
Contingent liability	**545**
Total consideration	**818**
Allocated to:	
Property, plant and equipment (Note 4)	**1,702**
Decommissioning liability (Note 9)	**(134)**
Net assets and liabilities	**1,568**
Bargain purchase gain	**(750)**

The following table summarizes the contingent liability activity recorded for nine months ended September 30, 2025 and twelve months ended December 31, 2024:

($000's)	
Balance at December 31, 2023	-
Acquisition consideration	545
Payments	(453)
Foreign exchange effect	15
Balance at December 31, 2024	107
Payments	**(102)**
Foreign exchange effect	**(5)**
Balance at September 30, 2025	**-**

The Company accounts for this joint arrangement as a joint operation and accounts for its interest in the Killdeer joint venture by recognizing its share of assets, liabilities, revenues and expenses of the joint operation.

At September 30, 2025, the Company has recorded $222,060 (December 31, 2024 - $266,145) in amounts owing from the Killdeer joint venture. These amounts have been recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and is equal to fair value.

Disposition

Effective June 1, 2024, the Company disposed of a 50% effective interest in White Owl's 50% participating interest in the Killdeer joint venture for $409,050 (US$300,000) which reflects the partner's 50% share of the $818,100 (US$600,000) in consideration that White Owl is obligated to pay to ND SWD Well#1 under the terms of the Killdeer joint venture agreement. In addition, the partner paid cash of $272,700 (US$200,000) to White Owl for its 25% share of White Owl's initial expenditure to the Killdeer joint venture, this amount is recorded in trade and other payables and will be decreased as White Owl incurs the initial expenditure costs to complete the plant turnaround activities and maintenance work. The partner's economic interest is equivalent to a 25% interest in the Killdeer joint venture. The partner, indirectly via White Owl, is entitled to a 25% share of the Killdeer joint venture assets and liabilities and distributions from net cash flow (40% before pay-out of the initial expenditure and 25% after pay-out).

The following table summarizes the effect of the disposition of the joint operation interest on the financial position of the Company:

($000's)	
Consideration:	
Cash	**409**
Net assets and liabilities disposed:	
Property, plant and equipment (Note 4)	**851**
Decommissioning liabilities (Note 9)	**(67)**
Net assets and liabilities	**784**
Loss on disposition of joint operation interest	**(375)**

Amendment to Killdeer Joint Venture Agreement

Effective September 1, 2024, due to the Killdeer disposal well requiring remedial work which is estimated at a gross cost of US$1,000,000, the following amendments were made to the Killdeer joint venture agreement:

- The remedial work of US$1,000,000 will be paid 75% (US$750,000) by ND SWD Well #1 and 25% (US$250,000) by White Owl;
- White Owl shall be entitled to distributions from net cash flow of 50% until the date that ND SWD Well #1 has recouped its net share of the remedial costs paid of US$750,000; and
- Once ND SWD Well #1 has recouped its net share of the remedial costs paid of US$750,000, White Owl shall be entitled to distributions from net cash flow of 80% before pay-out of the initial expenditure and 50% after pay-out.

White Owl's 50% partner in the Killdeer joint venture is obligated to pay 50% (US$125,000) of White Owl's US$250,000 payment for the disposal well remedial work and will be entitled to a 25% share of distributions from net cash flow of the Killdeer joint venture until ND SWD Well #1 has recouped its net share of the remedial costs paid of US$750,000.

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4. PROPERTY, PLANT AND EQUIPMENT

COST

($000's)	Land	Right-of-use assets	Plant & equipment	Disposal wells	Total
Balance at December 31, 2023	746	642	27,983	9,625	38,996
Additions	-	185	2,325	-	2,510
Acquisitions (Note 3)	-	-	971	731	1,702
Dispositions (Note 3)	-	-	(540)	(365)	(905)
Change in decommissioning costs (Note 9)	-	-	30	(49)	(19)
Foreign exchange effect	66	30	2,593	847	3,536
Balance at December 31, 2024	812	857	33,362	10,789	45,820
Additions	**1**	**74**	**667**	**27**	**769**
Acquisition (Note 3)	**-**	**-**	**1,673**	**746**	**2,419**
Dispositions	**-**	**-**	**(364)**	**-**	**(364)**
Change in decommissioning costs (Note 9)	**-**	**-**	**25**	**13**	**38**
Foreign exchange effect	**(26)**	**(12)**	**(1,057)**	**(330)**	**(1,425)**
Balance at September 30, 2025	**787**	**919**	**34,306**	**11,245**	**47,257**

ACCUMULATED DEPRECIATION AND IMPAIRMENT

($000's)	Land	Right-of-use assets	Plant & equipment	Disposal wells	Total
Balance at December 31, 2023	(155)	(489)	(10,881)	(5,401)	(16,926)
Depreciation	-	(130)	(1,671)	(508)	(2,309)
Dispositions	-	-	54	-	54
Foreign exchange effect	(14)	(24)	(1,024)	(482)	(1,544)
Balance at December 31, 2024	(169)	(643)	(13,522)	(6,391)	(20,725)
Depreciation	**-**	**(104)**	**(1,438)**	**(414)**	**(1,956)**
Acquisition (Note 3)	**-**	**-**	**(630)**	**(161)**	**(791)**
Dispositions	**-**	**-**	**187**	**-**	**187**
Foreign exchange effect	**5**	**11**	**432**	**200**	**648**
Balance at September 30, 2025	**(164)**	**(736)**	**(14,971)**	**(6,766)**	**(22,637)**

CARRYING AMOUNTS

($000's)	Land	Right-of-use asset	Plant & equipment	Disposal wells	Total
Balance at December 31, 2024	643	214	19,840	4,398	25,095
Balance at September 30, 2025	**623**	**183**	**19,335**	**4,479**	**24,620**

Impairment

September 30, 2025

At September 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.

December 31, 2024

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.

Dispositions

During the nine months ended September 30, 2025, the Company disposed of property, plant and equipment for cash consideration of $64,651 (2024 - $19,795). The dispositions resulted in a loss of $113,016 (2024 – gain of $19,795) recognized in comprehensive income.

5. INTANGIBLE ASSETS

($000's)	
Balance at December 31, 2023	63
Amortization	(65)
Foreign exchange effect	2
Balance at December 31, 2024 and September 30, 2025	**-**

On January 1, 2020, White Owl acquired an additional 15% interest in the Tioga joint venture. As part of the acquisition the Company allocated $308,082 to intangible assets for customer relationships in the Tioga joint venture. The intangible assets were amortized over five years.

6. BANK DEBT

($000's)	**Term loan**	**Term loan facility**	**Total**
Balance at December 31, 2023	3,675	-	3,675
Principal payments	(1,758)	-	(1,758)
Accretion of transaction costs	164	-	164
Foreign exchange effect	256	-	256
Balance at December 31, 2024	2,337	-	2,337
Issuance	**-**	**4,087**	**4,087**
Principal payments	**(2,341)**	**(259)**	**(2,600)**
Transaction costs	**-**	**(200)**	**(200)**
Accretion of transaction costs	**80**	**22**	**102**
Foreign exchange effect	**(76)**	**87**	**11**
Balance at September 30, 2025	**-**	**3,737**	**3,737**
Less current portion of long-term debt	**-**	**(968)**	**(968)**
Total non-current portion of long-term debt	**-**	**2,769**	**2,769**

(Unaudited) (All figures expressed in Canadian dollars unless otherwise noted)

a) Operating Loan Facility and Term Loan Facility

On July 2, 2025, the Company entered into a loan agreement with a new financial institution for a US$6,000,000 non-revolving reducing term loan demand facility and a US$1,000,000 operating facility.

The US$1,000,000 operating facility is a revolving demand facility bearing interest, payable monthly, at the US prime rate plus 2.50% ("operating facility"). The operating facility is to be used by the Company for working capital requirements and general corporate purposes. The total outstanding on the operating facility 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 September 30, 2025, the Company's borrowing limit under the operating facility was US$1,000,000. The Company had drawn $nil on the operating facility at September 30, 2025.

The US$6,000,000 non-revolving reducing term loan demand facility bears interest on the outstanding principal balance, payable monthly, at the US prime rate plus 2.50% ("term loan facility"). At closing, US$3,000,000 was initially drawn on the term loan facility to fund the purchase of the 28% interest in the Tioga joint venture (see note 3), to repay the existing term loan, and to fund upgrade capital expenditures. On October 31, 2025, the remaining US$3,000,000 was drawn on the term loan facility to fund capital expansion projects and repurchase a portion of the preferred shares in November 2025 (see note 17). Monthly principal payments of US$62,500 are due for the four months ended October 31, 2025 and subsequently increases to US$125,000, until maturity, upon the full facility being drawn on October 31, 2025. If at any time Funded Debt to EBITDA exceeds 2:00:1:00, additional annual principal payments are required for 50% of excess cash flow on hand ("ECF") realized by White Owl. The annual ECF limit is calculated as EBITDA less scheduled principal payments on Funded Debt, unfunded capital expenditures, interest and taxes paid in cash and changes in non-cash working capital. The Company incurred $199,650 in transaction costs related to the issuances which will be amortized over the term of the loan using the effective interest method.

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

- Quarterly trailing Funded Debt to EBITDA ratio of not greater than 2:50:1:00;
- Quarterly trailing Debt Service Coverage ratio not less than 1.25:1.00; and
- Quarterly Current ratio not less than 1.40:1:00. The current portion of long-term debt is excluded for the purposes of this covenant.

Covenant description	Position at September 30, 2025
Funded Debt to EBITDA ratio	**0.59**
Debt Service Coverage ratio	**2.89**
Current ratio	**3.00**

As at September 30, 2025, the Company was compliant with all covenants provided for in the loan agreement.

b) Operating Loan

The Company had a US$1,000,000 revolving demand facility bearing interest, payable monthly, at the US prime rate plus 2.25% ("operating loan").

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

c) Term Loan

The Company had a term loan bearing 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 were due until maturity. The Company incurred $550,916 in transaction costs related to the issuance which was amortized over the term of the loan using the effective interest method.

On July 2, 2025, the Company repaid the term loan balance outstanding of US$931,678.

7. LEASE LIABILITIES

($000's)	
Balance at December 31, 2023	164
Recognized	25
Modification	160
Principal payments	(142)
Interest expense	21
Foreign exchange effect	6
Balance at December 31, 2024	234
Recognized	**74**
Principal payments	**(134)**
Interest expense	**15**
Foreign exchange effect	**(2)**
Balance at September 30, 2025	**187**
Less current portion	(153)
Total non-current portion	34

The lease liabilities are payable as follows:

($000's)	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	165	12	153
Between one and five years	38	4	34
Five years and greater	-	-	-
Balance at September 30, 2025	**203**	**16**	**187**

During the three and nine months ended September 30, 2025, the Company recognized $5,396 and $15,226 (2024 - $7,173 and $12,543) of interest expense from lease liabilities.

Depreciation expense recorded on right-of-use assets related to lease liabilities is as follows:

	Three months ended September 30,		**Nine months ended September 30,**	
($000's)	**2025**	2024	**2025**	2024
Equipment	**8**	6	**23**	14
Office leases	**32**	29	**81**	70
Total depreciation expense – right-of-use assets	**40**	35	**104**	84

8. DEFERRED CONSIDERATION

In January 2019, the Company sold a nine percent royalty interest for $1,795,635 (US$1,350,000) of the saltwater disposal revenue from the Company's Watford City facility effective February 1, 2019. The Company has accounted for the royalty interest sale as deferred consideration. Deferred consideration is generated when a sale of a royalty interest linked to revenue at a specific facility occurs. Proceeds for sale of a royalty interest are an upfront payment received for future saltwater disposal services that will generate future royalties. The estimated future saltwater disposal revenues from the facility are multiplied by the royalty rate of 9% per annum to derive the upfront payment received, which is accounted for as deferred consideration and recognized as an offset to royalty expense over the life of the facility.

($000's)	
Balance at December 31, 2023	1,234
Recognized	(116)
Foreign exchange effect	103
Balance at December 31, 2024	1,221
Recognized	**(89)**
Foreign exchange effect	**(40)**
Balance at September 30, 2025	**1,092**
Less current portion	(118)
Total non-current portion	974

9. DECOMMISSIONING LIABILITIES

($000's)	
Balance at December 31, 2023	1,319
Accretion	60
Change in estimate	(19)
Acquisition (Note 3)	134
Disposed (Note 3)	(67)
Abandonment	(6)
Foreign exchange effect	120
Balance at December 31, 2024	1,541
Accretion	**54**
Change in estimate	**38**
Acquisition (Note 3)	**78**
Foreign exchange effect	**(49)**
Balance at September 30, 2025	**1,662**
Less current portion	(4)
Total non-current portion	1,658

The Company's decommissioning liabilities were estimated by management based on the Company's estimated costs to remediate, reclaim and abandon the Company's facilities and estimated timing of the costs to be incurred in future periods. The Company has estimated the net present value of its decommissioning obligations at September 30, 2025 based on a total undiscounted future liability of $3,083,026 (December 31, 2024 – $3,075,672). These costs are expected to be incurred in approximately one to 15 years (December 31, 2024 – one to 15 years). The Company used a risk-free interest rate at September 30, 2025 of 4.44% (December 31, 2024 – 4.72%) and an inflation rate of 2.00% (December 31, 2024 – 2.00%) to calculate the net present value of its decommissioning liabilities.

10. REVENUE

Revenue associated with services provided such as disposal and oil treating are recognized when the services are rendered. Revenue from the sale of crude oil is recorded when title and risk of loss transfers to the customer.

($000's)	**Three months ended September 30, 2025**	2024	**Nine months ended September 30, 2025**	2024
Recovered oil sales	**1,655**	1,740	**5,384**	5,935
Water disposal and processing services	**3,811**	3,018	**10,513**	8,970
Other revenue	**167**	204	**498**	430
Total revenue	**5,633**	4,962	**16,395**	15,335

11. FINANCE COSTS

($000's)	**Three months ended September 30, 2025**	2024	**Nine months ended September 30, 2025**	2024
Interest on long-term debt	**103**	81	**196**	283
Interest on lease liabilities (Note 7)	**5**	7	**15**	13
Accretion of decommissioning obligations (Note 9)	**19**	15	**54**	44
Accretion of transaction costs (Note 6)	**52**	39	**102**	130
Interest (income) expense, bank charges and other	**54**	10	**74**	41
Total finance costs	**233**	152	**441**	511

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Net investment in foreign operations

The Company hedges its net investment in foreign operations with US dollar denominated debt that has a carrying value excluding unamortized transaction costs of $3,915,281 (US$2,812,500) at September 30, 2025 (December 31, 2024 - $2,417,723 (US$1,680,258)). No hedge ineffectiveness was recognized during the three and nine months ended September 30, 2025 and 2024.

Financial instruments and risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, foreign currency risk, interest rate risk and commodity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by senior management.

Fair values

The Company's financial instruments recognized on the condensed consolidated interim statement of financial position consist of cash and cash equivalents, trade and other receivables, promissory note, deposits, operating loan, operating facility, trade and other payables, contingent liability, long-term debt, lease liabilities and deferred consideration. The fair values of the cash and cash equivalents, trade and other receivables, promissory note, deposits, operating loan, operating facility, contingent liability and trade and other payables approximate their carrying value due to the short-term or demand nature of these instruments. Long-term debt, lease liabilities and deferred consideration are carried at amortized cost.

The Company has classified its financial instrument fair values based on the required three level hierarchies:

- Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities;
- Level 2: Valuations based on observable inputs other than quoted active market prices; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flows methods.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The Company records cash and cash equivalents at fair value using level 1 inputs. There were no transfers from levels 1, 2 and 3 during the period.

Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets at the reporting date. A substantial portion of the Company's trade and other receivables balance is with customers in the petroleum industry and is subject to normal industry credit risks.

The Company manages its exposure to credit risk through standard credit granting procedures and short payment terms. The Company attempts to monitor the financial conditions of its customers and the industries in which they operate. The Company’s maximum exposure to credit risk at September 30, 2025 was the total of cash and cash equivalents and trade and other receivables of $9,524,427 (December 31, 2024 - $7,351,713). The Company believes that there is no unusual exposure associated with the collection of the trade and other receivables. As at September 30, 2025, the Company has an allowance for doubtful accounts of $nil (December 31, 2024 - $nil).

Pursuant to the White Owl Epping joint venture Agreement (“Epping Agreement”) dated July 18, 2018, White Owl as operator is responsible for the payment and discharge of all expenses of the joint venture and is entitled to be reimbursed for these expenses. Under the Epping Agreement, the Company will be reimbursed for all direct operating costs and will be paid an operating fee of 8% of the cost of operations and a fee of 3% of capital expenditures. As at September 30, 2025, trade and other receivables includes $22,309 (December 31, 2024 - $nil) in amounts invoiced to the joint venture owners for their proportionate share of operating losses and capital expenditures of the facility, while trade and other payables includes $nil (December 31, 2024 - $319,340) in amounts payable for operating income and capital expenditures of the facility.

The aging of trade and other receivables is as follows:

($000’s)	Current	30-60 days	60-90 days	90+days	Total
	3,704	527	330	-	4,561

13. CAPITAL MANAGEMENT

The Company's objective is to ensure adequate sources of capital are available to carry out its planned capital program, to achieve operational growth and increased cash flow so as to sustain future development of the business and to maintain shareholder confidence. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its assets. Management considers capital to be the Company's operating loan, operating facility, lease liabilities, long-term debt and shareholders' equity as the components of capital to be managed. In order to maintain or adjust the capital structure, the Company may issue shares, raise debt and/or adjust its capital spending to manage its projected debt levels. There has been no change in how the Company manages its capital during the nine months ended September 30, 2025.

The Company strives to manage its capital to meet the Company's objective and maintain compliance with the financial covenants contained within its debt facilities (see Note 6).

The Company's capital structure is as follows:

($000's)	**September 30, 2025**	December 31, 2024
Lease liabilities	**187**	234
Long-term debt	**3,737**	2,337
Total shareholders' equity	**25,586**	23,628
	29,510	26,199

14. RELATED PARTY TRANSACTIONS

At December 31, 2024, the Company had a $22,500 promissory note from an officer of the Company. The unsecured promissory note was due on demand and bore interest at 3% per annum. In January 2025, the promissory note and accrued interest was repaid by the officer.

At September 30, 2025, the Company has recorded $48,028 (December 31, 2024 - $90,435 amounts owing to) in amounts owing from the Tioga joint venture. These amounts have been recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties and is equal to fair value.

At September 30, 2025 the Company has recorded $222,060 (December 31, 2024 - $266,145) in amounts owing from the Killdeer joint venture. These amounts have been recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and is equal to fair value.

At September 30, 2025, certain management and directors own 1.04% (December 31, 2024 – 1.04%) of the Tioga SWD Facility and 5.54% (December 31, 2024 – 5.54%) of the Epping SWD Facility. These transactions with related parties have been recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Certain management and directors purchased these ownership interests at fair value.

In January 2025, a director of the Company paid $2,675 to settle an outstanding receivable for 2,675,000 common shares held in escrow.

15. SHARE-BASED PAYMENTS

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

In January 2025, employees and directors of the Company exercised 1,658,000 options at an exercise price of $0.05 for total proceeds to the Company of $82,900.

In July 2025, a director of the Company exercised 173,334 options at an exercise price of $0.05 for total proceeds to the Company of $8,667.

On August 14, 2025, the Company granted 4,175,000 options at an exercise price of $0.15 to directors, executives and employees.

On April 12, 2024, an executive and director of the Company exercised 1,000,000 options at an exercise price of $0.05 for total proceeds to the Company of $50,000.

16. CHANGES IN NON-CASH WORKING CAPITAL

($000's)	**Three months ended September 30, 2025**	2024	**Nine months ended September 30, 2025**	2024
Trade and other receivables	**(91)**	(105)	**(450)**	(56)
Deposits and prepaid expenses	**262**	277	**(591)**	(722)
Trade and other payables	**(562)**	567	**(491)**	237
Deferred consideration	**(29)**	(29)	**(89)**	(87)
	(420)	710	**(1,621)**	(628)
Allocated to:				
Operating	**(460)**	384	**(1,229)**	(464)
Investing	**52**	330	**(369)**	(151)
Financing	**(12)**	(4)	**(23)**	(13)
	(420)	710	**(1,621)**	(628)

17. SUBSEQUENT EVENTS

On October 22, 2025, the Company's shareholders approved and on November 20, 2025 the Company paid for, the repurchase and cancellation of 7,787,250 preferred shares at $0.40 per preferred shares.

On October 31, 2025, the Company drew the remaining US$3,000,000 available under the term loan facility which is scheduled to fund capital expansion projects and repurchase a portion of the preferred shares in November 2025.