MANAGEMENT'S DISCUSSION OF FINANCIAL RESULTS

For the three and nine months ended September 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 nine months ended September 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 November 20, 2025, and should be read in conjunction with White Owl's unaudited condensed consolidated interim financial statements for the three and nine months ended September 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 Monday, November 24, 2025, at 9:00 a.m. MST (11:00 a.m.) to discuss its results for the Third 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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THIRD QUARTER AND YEAR TO DATE SEPTEMBER 30, 2025, HIGHLIGHTS

All amounts are stated in Canadian dollars unless otherwise noted.

Highlights for the three and nine months ending September 30, 2025, are summarized as follows:

- On October 22, 2025, the shareholders of the Corporation approved a capital reorganization to reduce its stated capital to allow preferred shareholders to receive a partial return of their capital and allow the holders of common shares to benefit from and participate to a higher degree in the future growth of the Corporation. Pursuant to the capital reorganization, on November 20, 2025, the Corporation repurchased and cancelled 7,787,250 Series A Preferred Shares, in exchange for total cash consideration of $3,114,900 or $0.40 per Series A Preferred Share.

- Effective on 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%. The acquisition of this 28% interest contributed $221,000 to EBITDA in Q3 2025.
- On July 2, 2025, the Corporation entered into a US$6 million term loan facility ("term loan facility") and a US$1 million operating facility ("operating facility") with a new financial institution. At closing, US$3 million was initially drawn on the term loan facility to fund the purchase of the 28% interest in the Tioga JV, fully repay the outstanding existing term loan, and to fund 2025 upgrade capital expenditures. On October 31, 2025, the remaining US$3 million was drawn by the Corporation to fund a portion of the repurchase of Series A Preferred Shares and capital expansion projects. The term loan agreement provides for the repurchase of the Series A Preferred Shares to a maximum of US$2.25 million.
- The Corporation's cash and cash equivalents position is $4,963,000 (US$3,565,000) as at September 30, 2025.
- The Corporation's trailing twelve-month net debt to EBITDA ratio is a conservative 0.00:1.00 as of September 30, 2025, unchanged from December 31, 2024. *Please see* "**Net Debt to EBITDA**" *on Page 23 for calculation of this ratio*.
- Recent increases in drilling and completion activity around the Corporation's Ross, Tioga and Watford Saltwater Disposal ("SWD") facilities, have resulted in these sites currently operating at close to full capacity levels. These three facilities accounted for 74% of the Corporation's Q3 2025 disposal volumes. In addition, at the Epping SWD facility, a major customer is constructing a pipeline to the site with delivery of fluids expected to commence in Q1 2026. Furthermore, the existing pipeline connected customer at the Epping SWD facility is planning to increase volumes in 2026 from its ongoing development program in the area.
- Q3 2025 EBITDA increased 9% to $1,831,000 compared to $1,675,000 in Q3 2024, as higher disposal revenue more than offset lower oil sales revenue and higher operating costs.
- For the nine months ending September 30, 2025, EBITDA decreased 5% to $5,223,000 from $5,476,000 for the 2024 comparable period, as higher disposal revenue was negatively affected by lower oil sales revenue (due to lower oil prices) and higher operating costs (due to two well workovers, higher solids disposal costs and US tariffs).

- Additions to property, plant and equipment for the nine months ending September 30, 2025, totaled $695,000 compared to $1,968,000 for the comparable period (*Please see* **Investing Activities** *on Page 21 for additional information*).

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three months ended September 30,			Nine months ended September 30,		
($000's, unless otherwise noted)	**2025**	2024	%	**2025**	2024	%
Consolidated operations						
Disposal volumes (Bbls)	**3,931,614**	3,782,181	4%	**11,189,878**	11,036,472	1%
Recovered oil sales volumes (Bbls)	**21,769**	20,083	8%	**69,266**	66,827	4%
Disposal revenue ($ per Bbl)	**$0.97**	$0.80	22%	**$0.94**	$0.81	16%
Oil sales revenue ($ per Bbl)	**$76.03**	$86.64	-12%	**$77.74**	$88.82	-12%
Operating costs and royalties ($ per Bbl)	**$0.78**	$0.69	13%	**$0.82**	$0.73	12%
Consolidated disposal and services revenue						
Disposal revenue	**$3,811**	$3,018	26%	**$10,513**	$8,970	17%
Oil sales revenue	**1,655**	1,740	-5%	**5,384**	5,935	-9%
Other revenue	**167**	204	-18%	**498**	430	16%
Total revenue	**5,633**	4,962	14%	**16,395**	15,335	7%
Operating costs	**(3,055)**	(2,619)	17%	**(9,213)**	(8,063)	14%
Operating income[(1)]	**2,578**	2,343	10%	**7,182**	7,272	-1%
General and administrative expenses ("G&A")	**(747)**	(668)	12%	**(1,959)**	(1,777)	10%
Bad debt expense	**-**	**-**	-	**-**	(19)	-100%
EBITDA [(1)]	**1,831**	1,675	9%	**5,223**	5,476	-5%
Other income and expenses						
Depreciation and amortization	**(682)**	(633)	8%	**(1,956)**	(1,734)	13%
Finance costs	**(233)**	(152)	53%	**(441)**	(511)	-14%
Share-based payments	**(95)**	(2)	4650%	**(237)**	(13)	1723%
Bargain purchase gain	**-**	-	-	**-**	750	-100%
Loss on disposition of joint operation interest	**-**	-	-	**-**	(375)	-100%
Foreign exchange gain (losses)	**(334)**	310	-208%	**933**	(390)	339%
Gain (loss) on disposal of property, plant and equipment - net	**-**	20	-100%	**(113)**	20	-665%
Income tax expense	**(180)**	(2)	8900%	**(184)**	(8)	2200%
Deferred income tax recovery	**141**	-	100%	**141**	-	100%
Net income	**$448**	$1,216	-63%	**$3,366**	$3,215	5%

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

Underlying the Corporation's operating and financial results for the three and nine months ending September 30, 2025, is relatively stable well permitting and drilling rig activity across the North Dakota Bakken (*please see* **OUTLOOK** *on Page 24 for more information).*

Despite lower oil prices, Q3 2025 EBITDA increased 9% to $1,831,000 from $1,675,000 in Q3 2014, as higher disposal revenue more than offset lower oil sales revenue and higher operating costs.

For the nine months ending September 30, 2025, EBITDA decreased 5% to $5,223,000 from $5,476,000 for the 2024 comparable period, as higher disposal revenue was negatively affected by lower oil sales revenue. In addition, operating costs increased primarily due to two well workovers in 2025.

Operating Income:

Operating income increased 10% to $2,578,000 for Q3 2025 from $2,343,000 for Q3 2024, primarily due to disposal revenue increasing by $793,000 between the two quarters, more than offsetting lower oil sales revenue and higher operating costs and royalties.

For the nine months ending September 30, 2025, operating income remained relatively flat at $7,182,000 versus $7,272,000 for the 2024 comparable period, as disposal revenue increased by $1,543,000 between the two periods, offsetting decreases in oil sales revenue (down by $551,000 due to low oil prices) and higher operating costs and royalties (up by $1,150,000, primarily due to two well workovers and higher solids disposal costs).

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.

In the three and nine months ending September 30, 2025, fluid disposal volumes increased at five of White Owl's six SWD facilities, more than offsetting weaker disposal volumes at the New Town SWD facility. Increased competition from a neighboring SWD facility has led to weaker disposal volumes at New Town.

Overall, the Corporation's fluid disposal volumes increased by 4% to 42,200 bpd for Q3 2025 from 41,000 bpd for Q3 2024, with Q3 2025 recording strong disposal volumes in July and August, averaging 44,000 bpd for the two months. In the month of September, disposal volumes decreased to average 38,200 bpd before rebounding to 43,200 bpd in October 2025. For the nine months ending September 30, 2025, disposal volumes increased 2% to average 40,700 bpd, versus 40,000 bpd for the 2024 comparable period.

- *Trucked Production Water:* Most of the Corporation's fluid disposal volumes are received by truck, accounting for 85% (35,700 bpd) of total volumes for Q3 2025 and 34,600 bpd for the nine months ending September 30, 2025. This compares to 84% and 86% for the three and nine months ending September 30, 2024, respectively.
- *Flowback Water:* Flowback volumes and early production water, which are richer in oil content than produced water and pipeline water, increased 5% to 3,350 bpd for the nine months ended September 30, 2025, from 3,200 bpd for the 2024 comparable period. Q3 2025 flowback water decreased 11% to 3,371 bpd from 3,808 bpd. Flowback water commands a higher disposal fee than production water

and averaged 8% of total disposal volumes for the current nine-month period. The Ross SWD facility accounted for 42% of flowback volumes in Q3 2025, due to increased producer drilling and completion activity in the area, while the Tioga and Watford SWD facilities accounted for 30% and 17%, respectively.

- *Pipeline Water:* The Corporation's four pipeline-connected facilities disposed of 3,100 bpd (net) for Q3 2025, up from 2,800 bpd (net) for Q3 2024, primarily due to the acquisition of a 28% interest in the Tioga SWD facility effective July 1, 2025. For the nine months ending September 30, 2025, pipeline water increased 10% to 3,113 bpd from 2,836 bpd for Q3 2024.
- *Class 1 Water:* At the Alexander Class 1 Facility, disposal volumes increased to 47,400 barrels (515 bpd) for Q3 2025 from 14,000 barrels (152 bpd) for Q3 2024, with the increase primarily due to the temporary shutdown of the facility in Q3 2024 for a well workover. This also led to disposal volumes increasing to 79,400 barrels for the nine months ending September 30, 2025, from 74,550 barrels for the comparable 2024 period. At Alexander, 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 are normally lower in the first and fourth quarters of the year.

Oil sales volumes increased 8% to 21,769 barrels for Q3 2025 from 20,082 barrels for Q3 2024, while for the nine months ending September 30, 2025, oil sales volumes increased 4% to 69,266 barrels from 66,827 barrels for the comparable 2024 period. For the nine months ending September 30, 2025, the Ross, Watford and New Town SWD facilities contributed 30%, 26% and 18%, respectively, of total oil sales volumes, versus 27%, 30% and 26% for the 2024 comparable period. In 2025, the Corporation's three joint ventures contributed 26% of total oil sales volumes versus 17% in 2024, with the increase mainly due to the acquisition of a 28% working interest in the Tioga JV.

Revenue and Pricing:

With pricing increases implemented effective January 1, 2025, pricing for trucked production water 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 15% year over year.

These pricing increases, when combined with higher disposal volumes, more than offset a lower net realized oil price. As a result, total revenue for Q3 2025 increased 14% to $5,633,000 from $4,962,000 for Q3 2024, while for the nine months ending September 30, 2025, total revenue increased 7% to $16,395,000 from $15,335,000 for the comparable 2024 periods. Total revenue is comprised of the following:

- *Disposal revenue:* For the three and nine months ending September 30, 2025, disposal revenue increased 26% and 17% to $3,811,000 and $10,513,000 from $3,018,000 and $8,970,000 for the 2024 comparable periods, respectively. The increase in disposal revenue is due to higher disposal volumes and pricing, as previously mentioned.
- *Oil sales revenue:* Notwithstanding increased oil volumes, oil sales revenue decreased 5% and 9% to $1,655,000 and $5,384,000, for the three and nine months ending September 30, 2025, from $1,740,000 and $5,935,000 for the 2024 comparable periods, respectively. The Corporation's average netback oil price for the nine months ending September 30, 2025, decreased 15% to US$55.55 from US$65.32 for the comparable 2024 period.
- *Other revenue:* For the nine months ended September 30, 2025, other revenue increased 16% to $498,000 from $430,000 for the 2024 comparable period, 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 nine months ending September 30, 2025, operating costs and royalties increased 17% and 14% to $3,055,000 ($0.78 per barrel) and $9,213,000 ($0.82 per barrel), respectively, from $2,619,000 ($0.69 per barrel) and $8,063,000 ($0.73 per barrel) for the comparable 2024 periods, respectively. The increase in operating costs and royalties is primarily due to higher disposal volumes and increased repairs and maintenance expenses. In particular, well workovers were completed at the Epping and New Town SWD facilities in January and April 2025, respectively, for a total cost of $452,000. In addition, 2025 labour rate increases and US tariffs on steel, copper and aluminum contributed to the increased operating costs.

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REVENUE AND OPERATING INCOME (LOSS) BY FACILITY

	Three months ended September 30,			Nine months ended September 30,		
($000's)	**2025**	2024	%	**2025**	2024	%
Oilfield waste disposal and oil sales						
New Town	**712**	1,585	-55%	**2,424**	4,154	-42%
Watford City	**1,030**	834	24%	**3,533**	3,480	2%
Ross	**1,543**	1,405	10%	**5,051**	4,029	25%
Alexander	**429**	130	230%	**720**	655	10%
Tioga JV	**1,227**	454	170%	**2,586**	1,512	71%
Epping JV	**360**	188	91%	**1,142**	744	53%
Killdeer JV	**165**	162	2%	**441**	331	33%
	5,466	4,758	15%	**15,897**	14,905	7%
Other revenue	**167**	204	-18%	**498**	430	16%
Total revenue	**5,633**	4,962	14%	**16,395**	15,335	7%
Operating income (loss)						
New Town	**312**	896	-65%	**732**	2,160	-66%
Watford City	**358**	387	-7%	**1,454**	1,970	-26%
Ross	**718**	892	-20%	**2,481**	1,797	38%
Alexander	**281**	(157)	279%	**389**	113	244%
Tioga JV	**593**	229	159%	**1,263**	607	108%
Epping JV	**87**	30	190%	**214**	209	2%
Killdeer JV	**62**	(138)	145%	**151**	(14)	1179%
	2,411	2,139	13%	**6,684**	6,842	-2%
Other revenue	**167**	204	-18%	**498**	430	16%
Total operating income (1)	**2,578**	2,343	10%	**7,182**	7,272	-1%

(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 nine months ending September 30, 2025, and no incidents in the 2024 year.

Operating Income:

For the nine months ending September 30, 2025, operating income decreased to $732,000 from $2,160,000 for the 2024 comparable period, primarily due to a significant decrease in fluid disposal and oil sales volumes caused mainly by increased competition from a neighboring SWD facility. In addition, a well workover was completed in April 2025. Q3 2025 operating income decreased to $312,000 from $896,000 for Q3 2024, primarily due to the aforementioned increased competition.

Volumes:

Despite increased competition from a neighboring SWD facility which resulted in weak volumes in the first half of 2025, New Town disposal volumes have been moderately improving in Q3 2025, averaging 6,042 bpd for the quarter. In October 2025, disposal volumes improved further to average 7,500 bpd for the month.

The Corporation continues to explore ways to increase this facility's volumes, despite the competition nearby and limited activity in the area. Notably, the Corporation is in discussions with a major customer who is planning to construct a pipeline to deliver fluids to New Town from its nearby wells, with commissioning expected to occur in the second half of 2026. Management also expects that pricing is going to be a factor 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.

Lower disposal volumes led to recovered oil sales volumes for the nine months ending September 30, 2025, decreasing 27% to 12,484 barrels from 17,035 barrels for the 2024 comparable period. Similarly, Q3 2025 oil sales volumes decreased 37% to 3,505 barrels from 5,576 barrels for Q3 2024.

Revenues and Pricing:

The lower disposal and oil volumes impacted New Town's revenue for the nine months ending September 30, 2025, which decreased 42% to $2,424,000 from $4,154,000 for the comparable 2024 period. Similarly, Q3 2025 revenue decreased 55% to $712,000 from $1,585,000 for Q3 2024, as price increases implemented in January 2025 were more than offset by the lower disposal volumes.

Operating Costs and Royalties:

For the nine months ending September 30, 2025, operating costs and royalties decreased 15% to $1,692,000 from $1,994,000 for the 2024 comparable period, while Q3 2025 operating costs and royalties decreased 42% to $400,000 from $689,000 for Q3 2024. Year to date operating costs included $284,000 for a well workover which was successfully completed in April 2025. On a unit basis, operating costs increased to $0.96 per barrel for the nine months ending September 30, 2025, from $0.50 per barrel in 2024, with the April 2025 well workover accounting for $0.16 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 the lower disposal volumes.

Capital Projects:

Capital projects for the nine months ending September 30, 2025, totaled $84,000 and related to an upgrade to the tank battery sumps and the programmable logic control and automation system.

Watford City SWD Facility

Environmental and Safety:

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

Operating Income:

Even though total revenue for the Watford City SWD facility increased, Q3 2025 operating income decreased 7% to $358,000 from $387,000 for Q3 2024, primarily due to increased repairs and maintenance costs. Similarly, even though total revenue increased, operating income for the nine months ending September 30, 2025, decreased 26% to $1,454,000 from $1,970,000 for the 2024 comparable period, due to higher tank clean out costs and 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 down the site for several days. The site restarted with two rental electrical drives.

Volumes:

Despite the temporary shut-down in June 2025, fluid disposal volumes increased 14% to 9,426 bpd for the nine months ending September 30, 2025, from 8,296 bpd for the comparable 2024 period, primarily due to increased producer activity. The improved activity led to Q3 2025 disposal volumes increasing 39% to 8,613 bpd from 6,197 bpd for Q3 2024.

Oil sales volumes remained flat at 4,643 barrels for Q3 2025 versus 4,650 barrels for Q3 2024. Oil volumes depend on the mix of production and flowback volumes and customer mix and as a result will vary from month to month. For the nine months ending September 30, 2025, oil sales volumes decreased 10% to 17,877 barrels from 19,776 barrels for the comparable 2024 period.

Revenues and Pricing:

For the three months ending September 30, 2025, revenue increased 24% to $1,030,000 from $834,000 for Q3 2024, with higher disposal revenue more than offsetting lower oil sales revenue. Disposal revenue increased 51% to $677,000 for Q3 2025 from $447,000 for Q3 2024 due to the 39% increase in disposal volumes and price increases implemented effective January 1, 2025. Oil revenue decreased 9% to $353,000 for Q3 2025 from $387,000 for Q3 2024, due to a 9% decrease in the netback oil price.

For the nine months ending September 30, 2025, revenue increased 2% to $3,533,000 from $3,480,000 for the comparable 2024 period. Again, higher disposal revenue was offset by lower oil sales revenue which decreased to $1,379,000 from $1,753,000 for the comparable 2024 nine-month period due to 10% lower oil volumes and 15% lower pricing.

Operating Costs and Royalties:

For the nine months ending September 30, 2025, operating costs and royalties increased 38% to $2,079,000 ($0.81 per barrel) from $1,510,000 ($0.66 per barrel), primarily due to a 14% increase in disposal volumes, repair costs related to storm damage to electrical drives, transfers from spare parts inventory and higher tank clean-out costs to remove solids' build-ups. The latter two factors led to Q3 2025 operating expenses and royalties increasing 50% to $672,000 ($0.85 per barrel) from $447,000 (0.78 per barrel), primarily due to a 39% increase in disposal volumes and electrical drive repairs.

Capital Projects:

Capital projects for the nine months ending September 30, 2025, totaled $82,000 and related to an upgrade to the grounding system.

Ross SWD Facility

Environmental and Safety:

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

Operating Income:

For the nine months ending September 30, 2025, operating income increased 38% to $2,481,000 from $1,797,000 for the comparable 2024 period, with disposal revenues increasing by 43% due to higher volumes and pricing.

For the three months ending September 30, 2025, operating income decreased 20% to $718,000 from $892,000 for Q3 2024, primarily due to higher operating costs and royalties, resulting from increased tank clean out costs and repairs and maintenance.

Volumes:

Increased producer drilling and completion activity in the second half of last year resulted in fluid disposal volumes increasing 38% to 14,416 bpd for the nine months ending September 30, 2025, from 10,428 bpd for the 2024 comparable period. The increased disposal volumes led to a 14% increase in oil sales volumes to 20,833 barrels for the current nine-month period from 18,300 barrels for the comparable 2024 period.

Similarly, the increased producer activity led to disposal volumes increasing 26% to 13,703 bpd for Q3 2025 from 10,847 bpd for Q3 2024, resulting in oil volumes increasing 7% to 6,426 barrels from 6,020 barrels between the quarters.

Revenues and Pricing:

For the nine months ending September 30, 2025, revenue increased 25% to $5,051,000 from $4,029,000 for the comparable 2024 period due to increased disposal and oil volumes, as discussed above. Disposal revenue increased 43% to $3,437,000 from $2,397,000, due to the aforementioned 26% increase in disposal volumes and price increases. Oil sales revenue remained relatively flat at $1,614,000 versus $1,632,000 as the 14% increase in oil sales volumes was offset by a 15% lower netback oil price.

For the three months ending September 30, 2025, revenue increased 10% to $1,543,000 from $1,405,000 for Q3 2024. Disposal revenues increased to $1,058,000 from $875,000 due to the 26% increase in volumes and price increases.

Q3 2025 oil sales revenue decreased 8% to $485,000 from $530,000 for Q3 2024, due to a 15% lower netback oil price, offsetting a 7% increase in volumes.

Operating Costs and Royalties:

For the nine months ending September 30, 2025, operating costs and royalties increased 15% to $2,570,000 ($0.65 per barrel) from $2,232,000 ($0.78 per barrel) for the comparable 2024 period. The 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 (up 38% between the periods). Secondly, repairs and maintenance costs averaged $0.11 per barrel in the current nine-month period versus $0.17 per barrel in the comparable 2024 period which included the purchase and installation of a replacement gun-barrel tank.

Q3 2025 operating costs and royalties increased to $825,000 ($0.65 per barrel) from $513,000 ($0.51 per barrel) for Q3 2024, primarily due to tank clean out costs incurred in the current quarter and higher repairs and maintenance costs.

Capital Projects:

For the nine months ending September 30, 2025, capital expenditures totaled $163,000, primarily to upgrade the filter vessel and charge pump system and to complete the installation and commissioning of the injection pump which was purchased in 2024.

Alexander Class 1 Facility

White Owl's Class 1 water disposal business was established in 2019 with the conversion of the underutilised Alexander Class 2 SWD to Class 1 disposal. The customer base includes producers, pipeline operators and landfill operators as well as small generators of non-hazardous waste.

Environmental and Safety:

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

Operating Income:

For the three and nine months ending September 30, 2025, Alexander's operating income improved to $281,000 and $389,000, respectively, from an operating loss of $157,000 in Q3 2024 and operating income of $113,000 for the 2024 comparable nine-month period. During Q3 2024 the well was shut in for almost two months to complete repairs to the well tubing.

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 nine months ending September 30, 2025, disposal volumes increased 7% to 79,443 barrels from 74,550 barrels for the comparable 2024 period. Q3 2025 disposal volumes increased more than three-fold to 47,369 barrels from 14,018 barrels for Q3 2024. The facility was shut in for most of August and September 2024 for the previously mentioned well repairs.

Revenues and Pricing:

Revenue increased more than threefold to $430,000 for Q3 2025 from $130,000 for Q3 2024 when the well was temporarily shut-in for repairs. For the nine months ending September 30, 2025, revenue increased 10% to $720,000 from $655,000.

Operating Costs and Royalties:

For the three and nine months ending September 30, 2025, operating costs and royalties decreased to $148,000 and $331,000, respectively, from $287,000 and $542,000 for the 2024 comparable periods. The decrease is primarily due to well workover costs of $134,000 recorded in the Q3 2024, as mentioned above.

Capital Projects:

Capital projects for this facility were minimal, totaling $12,400 for the three and nine months ending September 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 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 $2,043,000 (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 continues to be strong in the area.

Environmental and Safety:

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

Operating Income:

Q3 2025 operating income more than doubled to $593,000 from $229,000 for Q3 2024 primarily due a 90% increase in disposal volumes and a 48% increase in oil volumes, resulting from increased producer activity in the area.

For the nine months ending September 30, 2025, operating income doubled to $1,263,000 from $607,000 for the comparable 2024 period primarily due to disposal and oil revenue increasing 15% and 49%, respectively. In addition, the first quarter included compensation of $89,000 (net) 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 customers 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 11,806 bpd for Q3 2025, almost double the 6,225 bpd recorded for Q3 2024. The increased disposal volumes and in particular a 45% increase in oil-rich flowback volumes led to oil sales volume increasing 48% to 7,356 barrels for Q3 2025 from 4,965 barrels for Q3 2024.

Similarly, for the nine months ending September 30, 2025, the impact of producer well completion activity increased disposal volumes commencing in March 2025. Overall, disposal volumes for the nine months ending

September 30, 2025 increased 15% to 9,643 bpd from 8,400 bpd for the comparable 2024 period. The temporary 15-day shut-down in February 2025, as mentioned above, impacted disposal volumes for the current nine-month period. A 50% increase in oil-rich flowback disposal volumes led to oil volumes increasing 49% to 21,518 barrels for the nine months ending September 30, 2025, from 14,458 barrels for the comparable 2024 quarter.

Revenues and Pricing:

Q3 2025 revenue, net to White Owl, increased 170% to $1,227,000 from $454,000 for Q3 2024 due to the increased disposal and oil volumes. Disposal revenue increased more than threefold to $804,000 for Q3 2025 from $249,000 for Q2 2024, with the increase attributable to the higher disposal volumes, a two-fold increase in flowback revenue, and higher pricing. Oil revenue more than doubled to $423,000 for Q3 2025 from $205,000 for Q3 2024, as the 48% increase in volumes significantly offset a lower netback oil price.

For the nine months ending September 30, 2025, revenue increased 71% to $2,586,000 from $1,512,000, primarily due to a 56% increase in oil revenue to $950,000 in 2025 from $610,000, an increase of 117% in flowback revenue to $548,000 from $253,000, as well as higher trucked and pipeline disposal revenues.

Operating Costs and Royalties:

For the nine months ending September 30, 2025, operating costs and royalties increased 46% to $1,323,000 ($0.86 per barrel) compared to $905,000 ($0.84 per barrel) for the comparable 2024 period. The slight increase in the unit operating cost is primarily due to solids disposal costs which accounted for $0.03 per barrel in the current quarter.

Q3 2025 operating costs and royalties increased to $634,000 ($0.78 per barrel) from $225,000 ($0.84 per barrel) for Q3 2024, due to increased disposal volumes. The decrease in unit operating cost is due to the fixed component of operating costs being spread across the higher volumes.

Capital Projects:

For the nine months ending September 30, 2025, capital expenditures totaled $94,500 related to various upgrade projects.

Epping SWD JV Facility

The discussion below is based on total volumes for the facility while the Financial Statements 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 nine months ending September 30, 2025, and no incidents in the 2024 year.

Operating Income:

Q3 2025 operating income increased almost three-fold to $87,000 from $30,000, primarily due to disposal and oil revenue increasing 82% and 124%, respectively.

For the nine months ending September 30, 2025, operating income remained consistent at $214,000 versus $209,000 for the comparable 2024 period, as higher revenues were offset by one-time well workover costs totaling $168,000, net to White Owl.

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. There is also a second customer currently constructing a pipeline to Epping, with delivery of fluids expected to commence in Q1 2026. With the increased producer activity, disposal volumes averaged 10,651 bpd and 10,214 bpd for the three and nine months ending September 30, 2025, an increase of 67% and 40% from 6,397 bpd and 7,322 bpd, respectively, for the comparable 2024 periods.

Oil recovery has also improved over the last half of 2024 with oil sales volumes averaging approximately 1,250 per month for the nine months ending September 30, 2025, versus a monthly average of 780 barrels per month for the 2024 year. Q3 2025 oil recovery doubled to 2,318 barrels from 1,141 barrels for Q3 2024, primarily due to a oil-rich flowback volumes increasing 106% between the quarters, resulting from increased producer well completion activity in the area. For the nine months ending September 30, 2025, oil volumes increased 61% to 11,255 barrels from 6,998 barrels for the comparable 2024 period due to higher disposal volumes.

Revenues and Pricing:

Q3 2025 revenue almost doubled to $360,000 from $188,000 for Q3 2024 due to increased disposal and oil revenue. Disposal revenue almost doubled to $298,000 from $154,000 due to a 67% increase in volumes and higher pricing. Oil revenue increased 82% to $62,000 from $34,000, as a 103% increase in oil sales volumes significantly more than offset a lower netback oil price.

For the nine months ending September 30, 2025, revenue increased 53% to $1,142,000 from $744,000 for the comparable 2024 period, due to higher disposal and oil revenue. Fluid disposal revenue increased 58% to

$833,000 for 2025 from $527,000 in 2024 due to a 40% increase in disposal volumes and higher pricing. Oil sales revenue increased 42% to $309,000 for the current nine-month period from $217,000 for comparable 2024 period, with a 61% increase in oil volumes partially offset by a lower netback oil price.

Operating Costs and Royalties:

Q3 2025 operating costs and royalties increased to $273,000 ($0.80 per barrel) from $158,000 ($0.77 per barrel) for Q3 2024. The increase in unit operating cost is primarily due to higher utilities, chemical and filter costs which averaged $0.25 per barrel for Q3 2025 versus $0.20 per barrel for Q3 2024.

For the nine months ending September 30, 2025, operating costs increased 73% to $928,000 ($0.95 per barrel) from $535,000 ($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 ($0.17 per barrel). The workover on Well #1 was successfully completed in mid-January 2025 and included replacing the tubing string. In addition, utilities, chemical and filter costs averaged $0.24 per barrel for the current nine-month period versus $0.17 per barrel for the 2024 comparable period.

Capital Projects:

There were minimal capital projects for this facility for the three and nine months ending September 30, 2025.

Killdeer SWD JV Facility

Effective June 1, 2024, the Company entered into the Killdeer Joint Venture ("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. The Company satisfied this commitment in June 2025 by completing 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) 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 Statements information represents White Owl's 25% interest in the Killdeer JV.

Environmental and Safety:

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

Operating Income:

For the nine months ending September 30, 2025, operating income improved to $151,000, net to White Owl, from an operating loss of $14,000 for the 2024 comparable period. Q3 2025 operating income improved to $62,000 from an operating loss of $138,000 for Q3 2024. Significant well workover costs were incurred in the second half of 2024.

Volumes:

For the nine months ended September 30, 2025, disposal volumes averaged 4,659 bpd compared to 1,455 bpd for the 2024 comparable period when the facility was shut in to complete a well workover. Disposal volumes averaged 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. Q3 2025 disposal volumes improved to 5,121 bpd despite being impacted by slow producer drilling and completion activity in the area.

Revenues and Pricing:

For the nine months ending September 30, 2025, revenue increased 33% to $441,000 from $331,000 for the 2024 comparable period with increased disposal revenue more than offsetting lower oil revenue. Oil sales revenue decreased to $151,000 from $218,000 as lower oil pricing more than offset higher oil volumes.

Q3 2025 revenue remained consistent at $165,000 versus $162,000 for Q3 2024.

Operating Costs and Royalties:

Operating costs and royalties decreased to $103,000 ($0.87 per barrel) and $290,000 ($0. 91 per barrel) for the three and nine months ending September 30, 2025, respectively. For the three and nine months ended September 30, 2024, operating costs and royalties total $300,000 and $345,000, respectively, with well workover costs of $139,000, net to White Owl, recorded in Q3 2024.

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 nine months ending September 30, 2025, totaling

$124,000 (net to White Owl). 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. Additional improvements, such as upgrades to the truck offloads and completion of the filter and charge pump skid are expected to be completed in 2026.

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 nine months ending September 30, 2025, increased 16% to $498,000 from $430,000 for the 2024 comparable period. The increase is primarily due to fees earned for management of the Killdeer JV in which White Owl acquired an interest effective June 1, 2024. Q3 2025 other revenue decreased 18% to $167,000 from $204,000 for Q3 2024 due to lower fees earned for management of the Killdeer JV in the current quarter because of lower operating costs.

G&A EXPENSES

	Three months ended September 30,		**Nine months ended September 30,**	
($000's)	**2025**	2024	**2025**	2024
Salaries and management	**467**	402	**1,239**	1,113
Professional Fees	**147**	143	**328**	284
Travel and related expenses	**19**	20	**53**	79
General office expenses	**99**	85	**283**	252
Third party consulting fees	**15**	18	**56**	49
Total	**747**	668	**1,959**	1,777

Note: "Certain prior period financial information has been reclassified to conform with the current period presentation."

For the nine months ending September 30, 2025, G&A expenses totaled $1,959,000 compared to $1,777,000 for the comparable 2024 period. Salaries and management expenses for the three and nine months ending September 30, 2025, increased primarily due to cost-of-living increases for all staff. Professional fees increased for the nine months ending September 30, 2025, primarily due to one-time professional fees related to corporate income tax matters.

DEPRECIATION AND AMORTIZATION

For the three and nine months ending September 30, 2025, depreciation and amortization increased to $682,000 and $1,956,000 from $633,000 and $1,734,000 for the 2024 comparable periods, respectively, due to the

Corporation acquiring a 28% interest in the Tioga JV effective July 1, 2025 and also due to the acquisition of a 25% interest in the Killdeer Joint Venture, effective June 1, 2024.

IMPAIRMENT

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.

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

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

The interest rate on long-term debt is calculated at the US dollar floating interest rate plus 2.50%. For the three months ending September 30, 2025, the Company's average interest rate on long-term debt was 10.33% compared to 11.33% for Q3 2024. For the nine months ending September 30, 2025, the Company's average interest rate on long-term debt was 10.31% compared to 11.36% for the comparable 2024 period.

For the nine months ending September 30, 2025, interest on long-term debt decreased to $196,000 from $283,000 for the 2024 comparable quarter as the average outstanding debt for the current period decreased to US$1.8 million from US$2.4 million for the 2024 comparable period.

For the three months ending September 30, 2025, interest on long-term debt increased to $103,000 from $81,000 for Q3 2024, as the average outstanding debt for the quarter increased to US$3.0 million from US$2.1 million for the comparable 2024 quarter.

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 September 30, 2025, the Company recorded foreign exchange losses of $334,000 compared to a foreign exchange gain of $310,000 for Q3 2024. For the nine months ending September 30, 2025, the Company recorded foreign exchange gains of $933,000 compared to a foreign exchange loss of $390,000 for the comparable 2024 period. The average CAD to USD exchange rate for Q3 2025 was 1.3728 compared to 1.3637 for Q3 2024. For the nine months ending September 30, 2025, the average CAD to USD exchange rate was 1.3973 versus 1.3603 for the 2024 comparable period.

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 nine months ending September 30, 2025, the Company recorded share-based payments of $95,000 and $237,000, respectively, compared to $2,000 and $13,000 for the comparable 2024 periods, respectively. The increase in share-based payments expense is due to the granting of 7,175,000 options to directors, executives and employees in 2025.

SUMMARY OF QUARTERLY RESULTS

($000's)	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Revenue	$5,633	$5,308	$5,454	$5,143	$4,962	$5,094	$5,279	$5,273
EBITDA (1)	1,831	1,302	2,091	1,356	1,675	1,705	2,094	1,541
Net income	448	1,657	1,264	942	1,216	1,118	881	770

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

The increase in EBITDA to $1,831,000 for Q3 2025 from $1,302,000 for Q2 2025 is primarily due increased disposal revenues. 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 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.

Investing Activities

($000's)	Three months ended September 30 **2025**	2024	Nine months ended September 30 **2025**	2024
Additions to property, plant and equipment	**272**	1,005	**695**	1,968
Proceeds from the sale of property, plant and equipment	**-**	(20)	**(65)**	(20)
Total capital expenditures	**272**	985	**630**	1,948

Capital Expenditures:

Additions to property plant and equipment for the nine months ending September 30, 2025, totaled $695,000 and include $163,000 at the Ross SWD facility to upgrade the filter vessel and charge pump system and to complete the installation and commissioning of the injection pump which was purchased in 2024, $84,000 at the New Town SWD facility to upgrade the tank battery sumps and the programmable logic control and automation system and $82,000 at the Watford SWD facility to upgrade the grounding system. At the Killdeer SWD facility, $124,000 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 nine-month period include $95,000 at the Tioga SWD facility, $96,000 for computer software and equipment and $45,000 for spare parts inventory.

The proceeds from sale of property, plant and equipment for the nine months ending September 30, 2025, 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	1,831	167	-	-	1,831	167
Issuance of common shares	-	3	-	-	-	3
Balance September 30, 2025	70,366	$21,536	26,469	$12,353	96,835	$33,889

As at September 30, 2025, there were 4,000,000 (December 31, 2024 – 4,000,000) common shares held in escrow.

Share Options

There were 8,775,000 share options outstanding as of September 30, 2025 (December 31, 2024 – 3,431,000), with a weighted average exercise price of $0.13 (December 31, 2024 - $0.05) per share. During the nine months ending September 30, 2025, 7,175,000 share options were granted to directors, executives and employees at an exercise price of $0.15 per share, 1,831,334 share options were exercised by directors, management and employees at an exercise price of $0.05 for total cash proceeds to the Company of $91,567, nil share options were forfeited, and nil share options expired.

Long-Term Debt and Operating Loan

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 term loan 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%. 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%. 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 JV (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. Monthly principal payments of US$62,500 are due for the four months ending 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.

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.

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.

Net Debt To EBITDA:

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

Net Debt ($ thousands, except ratio amounts)	**Position at September 30, 2025**	Position at December 31, 2024
Non-current long-term debt	**2,769**	567
Non-current lease liabilities	**34**	112
Current liabilities	**4,422**	5,750
Current assets	**(10,354)**	(7,598)
Net debt	**(3,129)**	(1,169)
EBITDA (trailing twelve months)	**6,579**	6,831
Net debt to EBITDA ratio	**(0.48)**	(0.17)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

Strong sustainability performance is fundamental to our business, and we continue to pursue opportunities to progress our ESG targets and reduce our emissions from all sources. We continue to focus on several environmental areas including greenhouse gas emissions through efficiencies and water use as well as safety and governance performance.

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

OUTLOOK

North Dakota Bakken Activity

Oil and natural gas activity continues to remain steady across North Dakota, notwithstanding the weak oil prices in recent months:

- 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 3.5 Bcf/d per day of liquids rich gas.
- The North Dakota drilling rig count over the past year has been consistently in the 30-35 rigs range.
- Low oil prices have resulted in the inventory of drilled and uncompleted wells (“DUCS”) increasing from 280 at the beginning of the year to 351 at the end of July 2025. This increase in inactive wells and wells awaiting completion indicates that there is a direct correlation with the current volatility in oil prices. The Corporation will continue to monitor this against the State’s oil production in the coming months along with the active rig count.
- 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.

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."

White Owl Operations

Where White Owl's operations are concerned, the following is a summary of customer activity around the Corporation's sites as a new year approaches:

- Around our Ross, Tioga and Watford SWD facilities, there has been a recent increase in drilling and completion activity by major customers, 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, on July 1, 2025, with this additional interest contributing $221,000 to the Corporation's EBITDA in Q3 2025.
- Notably, at the Epping SWD facility ("Epping"), the pipeline connected customer is planning to increase volumes in 2026 from its ongoing development program in the area. In addition, another major customer is currently constructing a pipeline to Epping, with delivery of fluids expected to commence in Q1 2026.
- At the New Town SWD facility, a major customer is planning to construct a pipeline to deliver fluids from its nearby wells, with commissioning expected to occur in the second half of 2026.
- At the Killdeer SWD facility, even though producer activity in the area has slowed, disposal volumes have been improving moderately since June 2025 as customers in the area become more familiar with the site. Importantly, oil recovery at this facility has increased by about 20% over the same period.

Where the costs of operation are concerned, a main concern for White Owl continues to be the negative effect of US tariffs which are impacting the Corporation's operating expenses. 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 are causing 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 continue to be a focus of management to ensure transitions do not disrupt White Owl business and possibly provide larger opportunities for us.

Dakota Access Pipeline

The Dakota Access Pipeline ("DAPL") remains in limbo as reported in Q4 2024. The 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 hopeful the status of DAPL may change sometime soon. This pipeline has been operational since June 1, 2017, transporting approximately 600,000 barrels of oil per day.

Corporate Review

Capital Reorganization

On October 22, 2025, the Corporation held an Annual General and Special Meeting ("AGSM") at which shareholders approved a capital reorganization to reduce its stated capital in order to allow preferred shareholders to receive a partial return of their capital and allow the holders of common shares to benefit from and participate to a higher degree in the future growth of the Corporation. Pursuant to the capital reorganization, on November 20, 2025, the Corporation purchased and cancelled 7,787,250 Series A Preferred Shares in exchange for cash consideration of $0.40 per Series A Preferred Share, being an aggregate amount of $3,114,900 ("Cash Consideration"). The amount of the Cash Consideration was determined by the Board of Directors of the Corporation based on the terms of an agreement entered into by the Corporation with a new lender on July 2, 2025 (please see "*Long-Term Debt*" Page 22 for additional information).

Board of Directors

At the AGSM, two former directors, Messrs. James Coleman and Owen Pinnell, retired from the Board of Directors after serving the Corporation from its founding in 2013. The Corporation expresses its profound gratitude for their service and contribution to the Corporation's success and wishes them the very best in their future endeavours.

At the AGSM, the shareholders of the Corporation decided that the Board of Directors will consist of five members. Consequently, Messsrs. Robert Ayling, Robb D. Thompson, Greg Bay, Riley Waite and Craig Heitrich were elected as directors of the Corporation to hold office for the ensuing year.

Capital Expansion

With our strong balance sheet, management and the Board of Directors are currently assessing and budgeting its alternatives for capital expansion to determine what is in the best interests for all stakeholders.

As discussed above, capital expansion commenced with the July 1, 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 which closed on July 2, 2025, provides 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 facility to fully repay the previous lender's term loan, the US$1.5 million purchase of a 28% interest in the White Owl Tioga JV and to fund upgrade capital expenditures. The remaining US$3 million available under the term loan facility was drawn on October 31, 2025, to fund the previously mentioned repurchase of preferred shares as well as capital expansion projects.

The Corporation is committed to maintaining a strong cash position and a conservative net debt to EBITDA level going forward. At September 30, 2025, the Corporation's cash balance totaled $5.0 million (US$3.6 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 58% 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 nine months ending September 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 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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