

Baccalieu Energy Inc.
Supply Chains Act Report – 2023

This Supply Chains Act report (the “Report”) addresses the period from January 1, 2023, to December 31, 2023 (the "Reporting Period") and has been prepared in compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada) (the “Act”). This Report is a joint Report made on behalf of Baccalieu Energy Inc. and its wholly owned subsidiaries, Baccalieu Oil & Gas Ltd. and Baccalieu Energy Partnership (“Baccalieu” or the “Company”).

Forced labour and child labour, each as defined in the Act, are crimes and serious violations of human rights. Baccalieu recognizes the role that we have in monitoring our operations, and the supply chains that support our operations, to promote the highest ethical standards, including preventing and reducing the risks of forced labour and child labour.

This Report sets out the steps we have taken during the Reporting Period to prevent or reduce the risk that forced labour or child labour is used by Baccalieu in the development and production of crude oil, natural gas and natural gas liquids, or that forced labour or child labour is used in Baccalieu’s supply chain to produce goods in Canada, to produce and import goods into Canada or is used in the production of goods supplied to Baccalieu by third parties.

1. Structure, Activities and Supply Chains

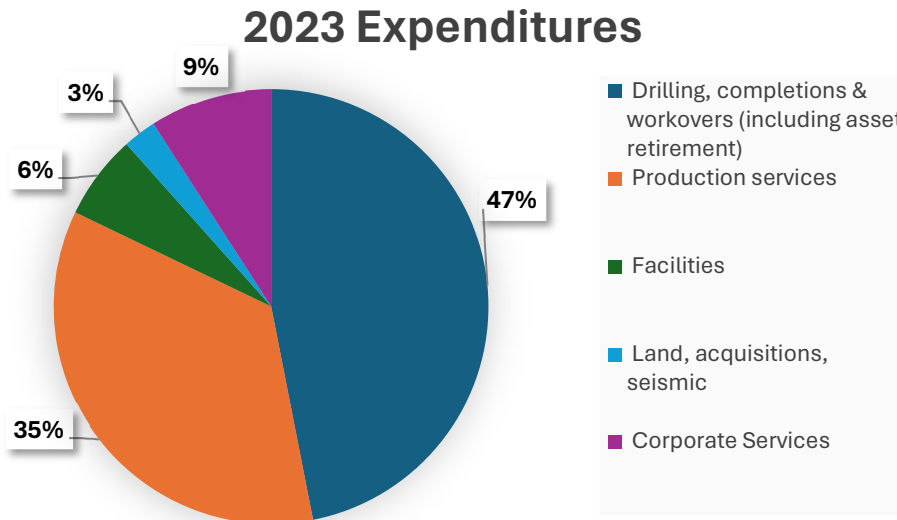
Baccalieu Energy Inc. is a private junior oil and gas company with 11 employees at the head office in Calgary, Alberta, Canada. Baccalieu Oil & Gas Ltd. is a corporation registered under the *Alberta Business Corporations Act*, and is headquartered in Calgary, Alberta. Baccalieu Energy Partnership is a partnership between Baccalieu Energy Inc. and Baccalieu Oil & Gas Ltd. and is registered under the *Alberta Partnership Act*.

The Company is engaged in the development and production of crude oil and natural gas and natural gas liquids in Alberta.

The Company’s supply chain includes businesses that supply goods and services to our organization necessary for our operations in developing and maintaining oil and gas properties.

During the Reporting Period, Baccalieu acquired goods and services from approximately 530 suppliers and contractors. The Company’s operations require a variety of supplies and services, the majority of which are produced with highly skilled and trained labour, including engineering and technical services, as well as specialized services and equipment for oil and gas development and production operations which require vocational training. The suppliers we engage include businesses which are almost exclusively located in Alberta and adhere to regulations in Alberta and Canada for oil and gas production which are among the highest standards in the world.

Baccalieu's expenditures were incurred in the following categories during 2023:



2. Policies

Code of Business Conduct and Ethics

Baccalieu has in place a Code of Business Conduct and Ethics which applies to all directors, officers, employees and consultants. Through our organizational and governance policies and practices, we communicate our values and expectations with employees and consultants, both at head office and in the field, and make it clear that we do not tolerate any forms of violation of laws or regulations, including the use of forced labour or child labour. Specific sections from the Company's Code of Business Conduct and Ethics are discussed in further detail below:

(a) Compliance with Laws, Rules and Regulations

Compliance with both the letter and spirit of all laws, rules and regulations applicable to our business is critical to Baccalieu's reputation and continued success. All directors, officers, employees and contractors must respect and obey the laws of the jurisdictions in which we operate and avoid any impropriety.

(b) Human Rights and Modern Slavery

All directors, officers, employees and contractors must respect the rights of workers and not allow forced, compulsory or child labour, unsafe working conditions or human rights abuses to occur in the Corporation's operations. Additionally, purchasing or using goods that are produced using child labour, forced labour or other human rights abuses is prohibited.

(c) Reporting of any Illegal or Unethical Behavior

We have a strong commitment to conduct our business in a lawful and ethical manner. Employees and consultants are encouraged to talk to supervisors, managers or other

appropriate personnel when in doubt about the best course of action in a particular situation and to report violations of laws, rules, regulations or this Code to the President or the Board. We prohibit retaliatory action against any employee who, in good faith, reports a possible violation.

3. Due Diligence

Baccalieu sources goods and services required in the development and production of crude oil from reputable organizations based primarily in Alberta, Canada. We expect third parties with which we work to adhere to all applicable laws and regulations within their jurisdiction and follow business principles and values consistent with those of the Company. Through the utilization of bid submissions from recognized suppliers for completion of components of the Company's capital program and the development of long-standing relationships with providers of materials and services for ongoing operations, Baccalieu attempts to minimize exposure to entities which may utilize forced labour or child labour.

4. Risks

In 2023, Baccalieu took the following steps to prevent or reduce the risk of child or forced labour occurring in its supply chains and operations:

- Reviewed and considered the Act, its applicability and requirements and the governments guidance; and
- Reviewed our internal policies and updated the Code of Conduct.

Baccalieu is a small company with a low head office headcount and limited number of field workers who are all known and are in regular contact with head office. We consider that there is a low risk of forced labour or child labour in our direct operations given:

- (a) the small size of our workforce and that there are open channels of communication between the head office and the field;
- (b) the fact that our workforce, including our contractors, are entirely based within Canada and are subject to Canadian labour and employment standards; and
- (c) the Company's direct suppliers of goods are almost all located in Canada.

Accordingly, based on the above, and our review of existing policies and practices, Baccalieu believes that our risk of exposure to forced labour and child labour in our operations is low. We conduct business with companies which are almost exclusively located in Alberta and adhere to regulations for oil and gas production which are among the highest standards in the world. The Company's staff and contractors are oil and gas professionals, operators and administrative staff located in Alberta. As a result of the Company's recruitment, remuneration and compliance measures, there is a very low risk that any of our staff are at risk of child and forced labour.

Baccalieu understands that assessing the risk of forced labour or child labour in its supply chains now, and in the future, form part of its commitment to conducting business ethically. When developing the Company's supply chains, we are guided by our principles in our relationships with

our partners, including working with reputable companies who are required to comply with domestic labour standards and laws.

However, we recognize that some of our suppliers may provide Baccalieu with products which originate from other jurisdictions, and all have their own supply chains. Additional work is required to assess and understand this risk.

During 2023, Baccalieu did not identify any instances of forced labour or child labour in its operations or supply chains. As a result, no measures to remediate any forced labour or child labour were taken, including those related to the loss of income to the most vulnerable families as a result of remediation efforts.

5. Training

All Company personnel are required to adhere to our Code of Business Conduct and Ethics policies and ensure that it is understood and properly applied to their daily activities. Every employee of Baccalieu is expected to review and sign our Code of Business Conduct and Ethics and is informed of how to report wrongdoing under our Whistle Blower Policy.

6. Measuring Effectiveness

At present, Baccalieu is considering the need to implement additional training for Company employees and contractors, and the implementation of questionnaires designed to elicit information from suppliers on their supply chains to further Baccalieu's insight into the potential risks of the use of child and forced labour in the Company's supply chains.

Accordingly, as we continue to evaluate our compliance measures that are designed to prevent and reduce the risk of child and forced labour, we intend to consider, where appropriate, implementing measures to assess the effectiveness of any of our processes.

7. Approval and Attestation

This Report was approved by Baccalieu's Board of Directors on May 28, 2024, pursuant to section 11(4)(b)(ii) of the Act and has been submitted to the Minister of Public Safety and Emergency Preparedness in Canada.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this Report for the Company. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

I have the authority to bind Baccalieu Energy Inc.

/s/ Neil P. Bosch

Neil P. Bosch

President and Chief Executive Officer and a Director, Baccalieu Energy Inc.

May 28, 2024