



Annual Report 2023
Canadian Modern Slavery Act

Introduction

This report is prepared by Blackstone Drilling Fluids Ltd. ("Blackstone" or the "Company") in accordance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada) (the "Act") for the fiscal year ending **December 31, 2023**.

Structure and Operations

Blackstone Drilling Fluids is a privately owned corporation and a leading provider of drilling fluid solutions to the Canadian Oil and Gas industry. We currently sell and distribute in Alberta, British Columbia and Saskatchewan Oil fields, delivering high-quality products and services to our customers. The company's corporate and registered office is located at Suite 500, 215 – 9 Avenue SW, Calgary, Alberta T2P 1K3.

Steps to prevent the risk of forced and child labour

Blackstone Drilling Fluids took the following steps during 2023 to attempt to prevent and reduce the risk of forced labour and child labour in our business and supply chains:

- Conducted a review of current mandates, policies and procedures related to risks and responsibilities associated with forced labour and child labour.
- Created and implemented a Supplier Code of Conduct for all suppliers.
- Addressed practises in the organization's supply chain.
- Developed and implemented due diligence policies and procedures for identifying and prohibiting the use of forced and child labour.
- Embedded responsible business conduct into policies and management systems.
- Required all vendors to provide disclosure statements and conduct yearly monitoring and audits.

Supply Chain Management

Our supply chain is integral to our operations, comprised of suppliers, vendors, and contractors who provide essential goods and services. In 2023, the majority of our direct expenditures on a wide variety of products were directed to Canadian suppliers, with additional transactions involving suppliers based in the United States. Blackstone Drilling Fluids identified risks in our supply chain in 2023.

- Types of products that are being imported by suppliers
- Locations of product production or manufacturing

Blackstone Drilling Fluids will continue to strive to identify emerging risks going forward.

Due Diligence Processes

In line with our commitment to ethical sourcing, Blackstone undertook a due diligence process to assess the risk of forced labor or child labor within our supply chain. We expect third parties with which we work to adhere to business principles and values similar to our own and to comply with all applicable laws and regulations. Before making any commitments towards third parties, we take steps to appropriately evaluate and mitigate any associated risks by carrying out risk-based due diligence and checks. This process involved meticulous scoping, data collection through surveys, and rigorous evaluation conducted by an external consulting firm.

- Supplier disclosure documents
- Yearly monitoring and audits

Training and Development

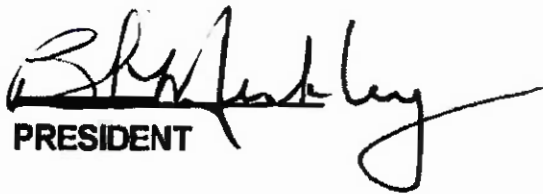
As part of our proactive stance against forced labor and child labor, Blackstone provided specialized training to our Supply Chain Management group in 2023. This training, meticulously developed and administered by external experts, aimed to enhance awareness and foster ethical decision-making within our workforce.

Assessment of Effectiveness

While no specific actions were undertaken in 2023 to assess the effectiveness of our anti-forced labor and anti-child labor measures, Blackstone remains committed to ongoing review and enhancement of our practices. We will continue to review, reassess, and further develop our anti-forced and anti-child labour plans, not only to ensure compliance with the law but also to uphold our core values as expressed in this report. Collectively, this report, the policies, processes, and procedures described herein, are designed to ensure that Blackstone Drilling Fluids and its suppliers at every level are committed to maintaining a workplace and supply chain free of forced and child labour.

Approval and Attestation

This report has been approved by the Ownership of Blackstone Drilling Fluids Ltd. and is attested by Robert Merkley, President of Blackstone Drilling Fluids, in accordance with the provisions of the Fighting Against Forced Labour and Child Labour in Supply Chains Act.


PRESIDENT

May 30, 2024
Date