

FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS

Report for the fiscal year ended May 31, 2023

Introduction

Geomega Resources Inc., together with its subsidiary Innord Inc. (“Geomega”, the “Corporation”, “we” or “us”) is a Canadian-based developer of a broad range of technology solutions for extractive metallurgy and chemical processing that promote circularity, waste reduction, and energy efficiency in the value chains of metals and minerals.

Our approach combines interdisciplinary expertise to draw synergies, building from prior knowledge and pushing boundaries to improve how we extract, refine, and recycle minerals and metals that are essential to modern life.

In accordance with Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”), we report herein our steps taken to prevent and reduce risks of child labour or forced labour in our operations and across our domestic and international supply chains, relative to the fiscal year extending from June 1, 2022 to May 31, 2023 (“Fiscal 2023”).

This joint report is made publicly available, and our stakeholders are encouraged to consult it and contact us to discuss any pertinent information.

Preventing and Reducing Risk

At Geomega, our aspiration to help build a sustainable future and our ethical commitment shapes all aspects of our business. In summary, to prevent and reduce risks of forced labour and child labour in its supply chains during Fiscal 2023, Geomega has:

- Reinforced awareness of the Code of Ethics to its personnel, and the importance to maintain consistent adherence to its principles, including the respect of human rights.
- Engaged and oriented its employees to practice critical decision-making on vendor selection, in line with our Supplier Code of Conduct, prioritizing local and low-risk suppliers that may offer competitive trade-offs, for example in terms of product price and specifications.
- Initiated a critical assessment of current procurement activities, to identify improvement opportunities that could be deployed through an action plan in Fiscal 2024.
- Maintained full-time access for its personnel to reference governance documentation and Whistleblower report channels.

Our Business Structure

Identity and infrastructure

Geomega specializes in developing innovative process technologies applied to extractive metallurgy, with emphasis on the recovery of critical metals. The Corporation's strategy involves gradual technology de-risking, cashflow delivery through technology licensing and technology development services to for-profit entities. Geomega offers solutions to reduce the environmental impacts of mining and metallurgy industries, promoting environmental footprint reduction.

Geomega started in 2009, carrying out mineral exploration projects with potential to build an integrated production chain of rare earth elements (REE) and other critical metals in Quebec. Over time, the Corporation incorporated projects involving recycling and valorization of industrial wastes, pursuing cost-effective circularity approaches with a competitive edge.

To this day, Geomega remains Canadian-based, operating exclusively within the Province of Quebec. Geomega and its wholly-owned subsidiary Innord Inc.'s offices and research laboratories are currently located at the National Research Council (NRC) facilities in the City of Boucherville. A magnet recycling demonstration plant and expanded research infrastructure is currently under construction in the borough of Saint-Hubert, City of Longueuil.



NRC Boucherville



Facilities under construction in Saint-Hubert.

Procurement activities and supply chains

During Fiscal 2023, Geomega has focused on advancing projects related to research and development, technology demonstration, and resources exploration. The Corporation did not execute any production, sales or distributions of goods, domestically or internationally, but it has imported goods into Canada.

Major imports performed by Geomega consist of one-time purchases of finished products, to fulfill project requirements. These imports include scientific instruments, laboratory consumables and chemical processing equipment. The imports mainly originate from North America and East Asia.

Policies and Due Diligence Processes

Code of Ethics and Whistleblower Protection Policy

Adherent to Canadian labour standards, Geomega strives to protect the well-being and dignity of all individuals engaged in its structure. Geomega has a Whistleblower Protection Policy and a Code of Ethics (the "Code") covering all the employees, officers, and members of the board of directors (collectively referred to as "personnel").

The Code contains a policy on human rights to the effect that the Corporation and every member of the personnel shall, at every location where Geomega operates, respect the human rights of stakeholders and the local community, and that no human rights violations by any Geomega entity or personnel will be tolerated.

The Code provides guidance for the protection of physical and mental well-being, personal privacy, and equal employment opportunity rights of Geomega's personnel. Any form of harassment, discrimination, bullying and victimization, including all forms of sexual, physical, and psychological abuse, is strictly not tolerated. Any events of ethical misconduct or non-compliance to the Code must be promptly reported by the personnel. In accordance with the Whistleblower Protection Policy, Geomega provides anonymous whistleblower channels (by phone and email), with independent and confidential assessment of reports.

Although the Code covers all aspects related to responsible business practices, it has been acknowledged that these principles could be further deployed in more detail to procurement activities adopted by the

Corporation, to promote effective actions towards prevention and reduction of risks of forced labour and child labour. This has led to the initiation of internal discussions to identify and adopt an action plan to implement improvements to the existing procurement processes. This action plan is being deployed in the current fiscal year, from June 1, 2023 to May 31, 2024 ("Fiscal 2024").

Supplier Code of Conduct

In addition, the Corporation applies its principles to all its business activities, including procurement activities such as vendor selection, purchasing of goods or services, asset acquisitions, bids, and other transactions. As such, it continues to apply its Supplier Code of Conduct (the "Code of Conduct") established through the operational and business guidelines of the Code. The Code of Conduct guides the procurement team with decision-making processes to avoid establishing commercial relations with suppliers that pose higher risk of non-compliance to ethical labour standards. Critical judgment is exercised by procurement personnel on situations such as supplier selection, contract negotiations, and agreements, and in the event of contract terminations or dispute resolutions, where appropriate. Throughout the establishment and duration of contracts, Geomega's suppliers are expected to fully respect human rights, comply with fair labour and business integrity standards (specifically forced labour and child labour), and with applicable laws and regulations. Following the principles of the Code of Ethics, Geomega does not tolerate any violations of human rights. Any misconduct from responsible labour practices or other ethical and regulatory responsibilities stated in the Code of Conduct shall be promptly rectified by the supplier through corrective actions, or else deemed to be a breach of contract.

Geomega also prioritizes the selection of suppliers that demonstrate commitment with sustainability, community engagement, as well as equity, diversity, and inclusion principles.

In Fiscal 2024, for major international imports, new potential suppliers must provide:

- a. An official document stating no use of forced labour or child labor to the products listed in the order,
- b. An official confirmation of compliance with international ethical labour standards, or
- c. A copy of Geomega's Supplier Acknowledgement Form, signed by an authorized representative, confirming compliance to Geomega's Code of Conduct.

Through this initiative, Geomega expects to reduce risks of commercially engaging with suppliers that uses forced labour or child labour.

Risk Assessment

Geomega has initiated the process of identifying risks of forced labour and child labour in its supply chains but acknowledges that there are still gaps on the assessments, which will be addressed accordingly. Assessment limitations mostly arise from challenges of tracing suppliers Tier 2 or higher.

The risk levels of a certain good can be estimated according to their industrial sector and country of origin, for example. Nevertheless, assessing and monitoring high-tier supplier risks for companies focused on R&D activities can involve some challenges, as discussed below:

- Finished products destined to scientific and engineering use are often assembled from a broad diversity of specialized components, thus requiring further efforts to thoroughly perform risk assessments on suppliers Tier 2 and up.
- One major concern for electronic products is related to the presence of sub-assembly parts containing silicon chips. On a global scale, those are largely sourced from high-risk countries, and may lack sourcing traceability mechanisms.
- Special alloys for chemical processing, calibration standards, batteries, sensors, and other electronic devices can include sub-assembly parts containing metals such as cobalt and tantalum, which are considered “conflict minerals” due to their potential origin from conflict-affected areas. These alloys may also lack traceability mechanisms for its element compounds.

Moreover, R&D activities and other project-based services often require a relatively higher volume of one-time purchases, sourced from different suppliers. This can result in more effort required to perform assessments in all imports, especially for small and medium-sized companies.

Acknowledging the challenges involved, Geomega is committed to progress risk assessments, and maintain open communication channels to receive and analyse reports of potential supplier misconduct. Developing innovative processes to recover critical metals and other value-added components from industrial and post-consumer wastes is at the core of Geomega’s business. Currently, critical metals such as rare earth elements (REE) are mostly mined, refined, and processed in countries or territories which often lack data transparency in production levels, and are affected by regulatory issues and market manipulation practices. To demonstrate how Geomega’s work fosters responsible and sustainable practices in the value chains of critical metals, it is enabling alternative pathways to obtain these critical metals and to reduce dependency on imports from China.

Remediation Measures

Given that Geomega has not identified any instance of modern slavery in its activities or supply chains, no measures have been taken to remediate forced labour or child labour, or any loss of income to the most vulnerable families resulting from such occurrences. However, should we be aware of any instances of modern slavery, we are dedicated to promptly adopt adequate remedial measures.

Training

Though Geomega does not currently provide training to employees to raise awareness on forced labour and child labour, it is committed to ensure that all employees are compliant with the Code in order to promote a safe and healthy work environment.

Assessing Effectiveness

Assessing the structure of its procurement activities, Geomega identified opportunities to improve the way to communicate business responsibility requirements to suppliers, and to validate that these requirements are acknowledged and respected. This assessment was initiated in Fiscal 2024, and the resulting action plan is being implemented.

Final Remarks

This report presented Geomega's steps to ensure respect of human rights in our operations and across our supply chains, in Fiscal 2023. It also presented our operational structure, risk assessment discussions regarding our supply chains, insights on our role of developing process technologies for responsible circular production of critical metals, and a preview of improvement actions being implemented during Fiscal 2024.

Through efforts of demonstrating transparency and committing to continuous improvement of our business practices, we aim to cultivate fairness, safety, dignity, and equity for all individuals involved in our operations and supply chains, to contribute positively to our society and the environment.

Forward-looking Statements

This document contains "forward-looking statements" not based on historical facts. Forward-looking statements express, as of the date of this document, our estimates, forecasts, projections, expectations and opinions as to future events or results. The forward-looking statements that are contained in this document are based on various assumptions and estimates by the Corporation and involve a number of risks and uncertainties. As a consequence, actual results may differ materially from results forecast or suggested in these forward-looking statements and readers should not place undue reliance on forward-looking statements. We caution you that such forward-looking statements involve known and unknown risks and uncertainties, as discussed in the Corporation's filings with Canadian Securities Administrators. Various factors may prevent or delay our plans, including but not limited to, contractor availability and performance, weather, access, mineral prices, success and failure of the exploration and development carried out at various stages of the program, and including as regards the commercialization of any of the technology, general business, economic, competitive, political and social conditions. The Corporation expressly disclaims any obligation to update any forward-looking statements, except as required by applicable securities laws.

Approval and Attestation

This report was approved by the Board of Directors of Geomega Resources Inc. on May 29, 2024 pursuant to paragraph 11(4)(b)(ii) of the Act and constitutes Geomega Resources Inc. and Innord Inc.'s joint report for Fiscal 2023.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the 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 Geomega Resources Inc.



Kiril Mugerma
President & CEO
2024-05-29