



MODERN SLAVERY REPORT 2024

Lycos Energy Inc.

This Modern Slavery Report (the “**Report**”) has been prepared by Lycos Energy Inc. (“**Lycos**”, “**we**”, “**us**”, “**our**” or the “**Company**”) in line with the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada) (the “**Act**”) for the reporting year January 1, 2024 to December 31, 2024. This Report takes into account all updates and clarifications from Public Safety Canada and provides an overview of the steps taken by the Company to prevent and reduce risks of forced labour and child labour (each as defined in the Act) in the Company’s supply chain.

Introduction

Forced labour and child labour are crimes and serious violations of human rights. As a publicly listed Canadian oil and gas company, Lycos recognizes the critical role we have in ensuring that our operations and the associated supply chains which support our operations adhere to high ethical standards which includes the prevention and identification of forced labour and child labour occurring in our operations and supply chains.

Lycos does not tolerate forced labour, child labour or any form of exploitation, and is committed to operating its business responsibly, sustainably and in accordance with the Act. Lycos expects that its stakeholders share the Company’s commitment to responsible business practices and requires that all staff agree to abide by the principles set out in its policies. This Report sets out the steps undertaken throughout fiscal year 2024 to prevent and reduce the risk of forced labour or child labour at any stage in our supply chain or continuing operations.

Steps Taken During the Reporting Period

During the year ended December 31, 2024, Lycos completed the following steps to continue to prevent and reduce the risk of forced labour and child labour in our business and supply chains:

- Lycos conducted an internal review of its vendor list, assigning vendors with a risk assessment (from low to high) to determine exposure to the Company of risks of modern slavery. This assessment was conducted based on the following: the country of location, the products being supplied and the industry sector. Lycos did not identify any vendors as high risk, however we did classify a few vendors as moderate risk. All vendors ranked moderate risk had published modern slavery reports available for our review, which confirmed such vendors’ commitment to the Act and provided additional colour to our review.
- Lycos uses a third-party vendor system called Complyworks, which assists the Company with validating field vendors during onboarding, including verifying vendors’ insurance and health and safety programs, conducting vendor orientations, etc. Each vendor that completes work for Lycos must be verified and meet or exceed our requirements. In 2024, we updated our standard vendor communication, which outlines the Company’s expectations and requirements, to communicate our commitment to responsible business practices, including cooperation with the Act. Our communications also inform vendors of our existing corporate governance policies, including our Code of Business Conduct and Ethics and our Whistleblower Policy.

Our Structure and Business

Lycos is an oil and gas company headquartered in Calgary, Alberta. The Company is incorporated under the Business Corporations Act (Alberta), and its common shares are listed on the TSX Venture Exchange under the trading symbol "LCX". As at December 31, 2024, the Company had no subsidiaries and approximately 35 employees and approximately 36 consultants and contractors in the Provinces of Alberta and Saskatchewan.

The Company is engaged in the exploration and development of heavy-oil properties in Lloydminster, Saskatchewan and Lloydminster and Greater Lloydminster, Alberta. Business activities include the extraction, production and sale of oil and gas commodities within Canada. Lycos is not in the business of importing goods into Canada. Overall, Lycos strives to create a diverse, inclusive, and respectful culture across its business operations and projects.

Our Supply Chains

Lycos' supply chain includes businesses that supply goods and services to our organization, primarily encompassing various vendors, suppliers, contractors and subcontractors involved in the procurement of goods and services necessary for our operations in exploration, development and operating activities. The suppliers we engage include businesses that are primarily local and adhere to regulations in Canada for oil and gas production, which are among the highest standards in the world. We strive to build relationships with our suppliers who align with our values.

Our Policies and Due Diligence Processes

Lycos communicates its values and expectations to its directors, officers, employees and service providers through our governance policies. The Company does not tolerate any forms of forced labour or child labour and is committed to consistently evolving and improving our approach. Our relevant policies, which can be accessed on the Company's website at www.lycosenergy.com, are discussed in further detail below:

- Code of Business Conduct and Ethics

The Company's Code of Business Conduct and Ethics lays the foundation for its directors, officers, employees, consultants and contractors and sets out guiding principles on professional conduct as well as human rights, legal compliance, respect in the workplace and other governance concerns. Our Code of Business Conduct and Ethics specifically address concerns regarding forced labour and child labour. All directors, officers and employees of the Company are required to acknowledge receipt and review of the Code of Business Conduct and Ethics on commencement of their relationship with Lycos and on an annual basis thereafter.

- Whistleblower Policy

The Company's Whistleblower Policy provides directors, officers, employees, consultants and contractors with an anonymous process for disclosing complaints or concerns regarding wrongdoing, including concerns regarding forced labour or child labour. The Whistleblower Policy forbids retaliation for the act of good faith whistleblowing regardless of the determination of any follow-up investigation. Lycos encourages directors, officers, employees, consultants and contractors to raise concerns within the Company rather than overlooking them or seeking resolution externally.

Risks of Forced Labour and Child Labour in our Business and Supply Chains

Lycos engages in various activities to identify, assess, and manage its risk of forced labour and child labour. We engage with a wide range of suppliers, sourcing materials and services domestically. Our service providers who support our business include manufacturers and distributors of oilfield goods and services, engineering and construction, drilling services, operational and technical services, facilities management, communications, emergency response, information technology and professional services such as legal, financial and audit services.

The potential risk of forced labour and child labour affecting our supply chains were assessed based on the following key criteria:

- **Country of location:** modern slavery has a higher prevalence in certain jurisdictions or locations.
- **Product/Commodity:** some products or commodities are deemed higher risk in respect of the potential for forced labour or child labour.
- **Industry sector:** certain industries present a higher risk of modern slavery compared to others.

We have reviewed our supply chain and believe the overall risk of modern slavery in our direct supply chains is low based on the following factors: the locations of the suppliers; the materials being supplied in the oil and gas sector; and the commodities produced are not considered to be high risk within the jurisdictions for which we operate our business. The Company's risk of forced labour and/or child labour increases when we engage with third parties for supplies sourced globally, particularly in purchasing materials such as steel pipe.

The Company's employees and service providers work in Canada, which has low prevalence of forced labour and child labour and a low risk of vulnerability to forced labour and child labour. Lycos ensures compliance with Canadian working conditions, wages and benefits, including those relating to employment, labour and occupational health and safety.

Measures Taken to Remediate Forced or Child Labour

Our Code of Business Conduct and Ethics and our Whistleblower Policy offer a reporting mechanism for directors, officers, employees, consultants and contractors to report ethical or legal violations, among other concerns.

To date, Lycos has not identified any cases of forced labour or child labour in its operations or supply chain, therefore no remediation measures have been required. If a situation of non-compliance or high risk is identified, the Company will work to develop and implement a corrective plan to try to improve and remedy the situation. Lycos is committed to working with service providers to resolve any issues that do arise through engagement, education and training.

Lycos recognizes that efforts to prevent and reduce the risks of modern slavery can have the unintended consequence of contributing to a loss of income for the most vulnerable families. Remediation is a key step in this process and Lycos will endeavour to clearly outline the expectations for addressing remediation for individuals identified as victims of modern slavery in future reporting periods.

Employee Training

All new and current employees of Lycos, are expected to read, understand and comply with the principles and requirements set out in the Company's Code of Business Conduct and Ethics and the Whistleblower Policy. The Company requires its employees to annually acknowledge receipt and review of its applicable policies, including the Code of Business Conduct and Ethics and the Whistleblower Policy. We may decide to extend training at our discretion, should the need arise, to further reinforce understanding of and compliance with the Act.

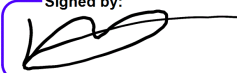
Measuring Our Effectiveness

Lycos is committed to assessing and mitigating the risks of forced labour and child labour in our supply chain. While we made progress with our efforts in 2024, we remain committed to continuous improvement. Activities we have taken to ensure that forced labour and child labour is not being used in our supply chain include investigating all complaints or grievances received pursuant to the Whistleblower Policy, setting up regular review of the Company's governance policies and procedures, reporting mechanisms described herein and evaluating our supply chain processes and suppliers on an ongoing basis.

Approval

The Report was approved pursuant to subparagraph 11(4)(a) of the Act by the Board of Directors of Lycos effect May 29, 2025.

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 entity or 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. In my capacity as a Director of Lycos, and not in my personal capacity, I make this attestation in accordance with the requirements of the Act.

Signed by:


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Dave Burton

President, Chief Executive Officer and Director

I have the authority to bind Lycos Energy Inc.

Disclaimers

Certain information in this Report may constitute forward-looking information within the meaning of applicable securities legislation. Specific forward-looking information in this Report includes, without limitation, statements relating to: the steps taken to prevent and reduce risks of forced and child labour; the implementation of policies in relation to forced labour and child labour; training provided to employees in respect of forced labour and child labour; business strategy and outlook; remediation measures in respect of forced labour or child labour; supply channels; and other such matters. Forward-looking information may also include information regarding our respective future plans or objectives or other information that is not comprised of historical fact and includes statements that contain words such as "could", "should", "anticipate", "expect", "believe", "plan", "propose", "estimate", "intend", "project", "will", "may", "forecast", "outlook" and similar expressions (including negatives and variations thereof) suggesting future outcomes or events. Any such forward-looking information is based on information currently available to us and is based on assumptions we believe are appropriate in the circumstances.

However, such forward-looking information involves significant risks and uncertainties. A number of factors could cause actual results to differ materially from those discussed in the forward-looking information. These risks include but are not limited to: foreign exchange fluctuations; equipment and labour shortages and inflationary costs; general economic conditions; industry conditions; changes in applicable environmental, taxation and other laws and regulations as well as how such laws and regulations are interpreted and enforced; political uncertainty and wars; changes in existing supply chains in response to the recent implementation of tariffs and other trade restrictions by the United States, Canada and globally (including the risk of changes to the Company's supply chain); the existence of operating risks; volatility of oil and natural gas prices; oil and gas product supply and demand; stock market volatility; and other factors, many of which are beyond our control. These risks and others are more fully discussed in our most recent management's discussion and analysis and annual information form which are available on our SEDAR+ profile at www.sedarplus.ca. We caution readers not to place undue reliance on any such forward-looking information. Such information is current only as of the date on which it was made. Unless otherwise required by applicable securities laws, we do not intend, nor do we undertake any obligation, to update or revise any forward-looking information contained in this Report.