

NORTH 40

RESOURCES LTD.

2023 North 40 Resources Ltd. Modern Slavery Report

North 40 Resources Ltd. ("North 40", "we", "our" or the "Corporation") has created this report to meet our requirements pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Modern Slavery Act").

Forced labour and child labour (each as defined in the Modern Slavery Act and hereinafter together referred to as "modern slavery") are violations of fundamental human rights and are occurring across the globe. As a Canadian energy company, we recognize the responsibility we have to ensure our operations and the supply chains that support our operations adhere to the highest ethical standards, which includes no use of modern slavery in our business or supply chains.

The Corporation is subject to the reporting requirements of the Modern Slavery Act. This report covers the Corporation's activities during our previous financial year, being from January 1, 2023 to December 31, 2023.

The Corporation takes modern slavery and our reporting requirements very seriously and we are committed to ensuring that we adhere to such requirements. We will continue to evaluate and assess our processes with respect to modern slavery in our business over time to ensure we are meeting all applicable reporting requirements and other legislation relating to modern slavery.

Steps Taken During 2023

The Corporation first became aware of the Modern Slavery Act late 2023 and subsequently engaged our legal counsel to assist in navigating the new reporting regime. As a result of the timing of becoming aware of the new reporting requirements, we did not take any steps in 2023 in relation to reducing the risks of modern slavery occurring in the Corporation's supply chain; however, we are not aware of any high-risk exposure to modern slavery associated with the Corporation's supply chain. We intend to continue to evaluate our reporting processes to ensure that our reporting with respect to modern slavery meets the statutory requirements.

Structure, Activities and Supply Chains

- **Structure:** North 40 is a private crude oil and natural gas exploration development company. The Corporation was incorporated pursuant to the *Alberta Business Corporations Act* on October 16, 2007; we were capitalized and commenced operations in June 2016. The Corporation has no subsidiaries and is not a subsidiary of another company.

North 40 had eleven employees at December 31, 2023. Six of the employees are officers. North 40 has six directors, one of which is also an officer. The Corporation has two part-time contractors working in the head office in Calgary, Alberta and approximately thirteen full time contractors working in Alberta field operations.

- **Operations:** North 40 explores, acquires, develops and produces oil and natural gas reserves in Alberta, with our operating areas located in Southeast Alberta.

North 40 has drilled 90 wells in Alberta to December 31, 2023. In addition to operating the Corporation's oil and natural gas wells, North 40 also owns and operates a number of oil batteries, gathering systems, compressors and water disposal facilities.

- **Supply chains:** In 2023, 99.8% of vendors used by North 40 were from Canada, more specifically, 94% of vendors were located in the Province of Alberta. One vendor was from the United States.

Additional information regarding the corporate structure and operations of the Corporation can be found in our 2023 Annual financial statements and related management's discussion and analysis for the year ended December 31, 2023, which is posted on our website: www.north40resources.com.

Policies and Due Diligence

Policies

The Corporation does not have any current policies in place in relation to mitigating risks related to modern slavery. The Corporation may in the future consider implementing policies designed to mitigate the risks of any actual or perceived modern slavery occurring in relation to its business or operations.

In addition to the above, we intend to regularly evaluate our approach with respect to modern slavery to ensure the effectiveness of our methodology, including amending existing policies and implementing new policies, as necessary, to mitigate the risks of modern slavery from occurring in our business or operations to the extent determined necessary.

Due Diligence

Given the timing of the implementation of the Modern Slavery Act, the Corporation has not historically undertaken any steps to conduct due diligence relating to mitigating the risks of modern slavery occurring in relation to our business or operations; however, we are not aware of any high-risk exposure to modern slavery associated with the Corporation's supply chain. We may in the future consider implementing additional procedures to ensure we are not unknowingly engaged in business with any entities involved in modern slavery.

Activity and Supply Chain Risks

The Corporation is not aware of any high-risk exposure to modern slavery associated with the Corporation's business or supply chains.

Remediation Measures

We are not aware of the existence of modern slavery in our business and the supply chains that support our operations and as such, we have not taken any measures to remediate any forced labour or child labour or to remediate the loss of income to the most vulnerable families that resulted from any measure taken from any of the Corporation's actions.

Employee Training

In 2024, the Corporation sent a notice to all employees, consultants and contractors advising of the new legislation. Employees, consultants and contractors were requested to review the legislation.

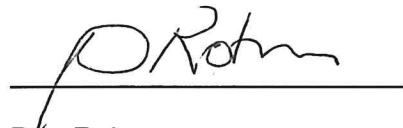
Assessment of Effectiveness

The Corporation has not yet implemented any policies or processes to assess our effectiveness in ensuring that modern slavery is not used in the Corporation's business or supply chains.

Approval and Attestation of the Report

This report was approved by the Corporation's Board of Directors on May 29, 2024 pursuant to paragraph 11(4)(a) of the Modern Slavery Act and has been filed with the Minister of Public Safety and Emergency Preparedness.

In accordance with the requirements of the Modern Slavery Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest, on behalf of the Corporation, and with no personal liability, that the information in this report is true, accurate and complete in all material respects for the purposes of the Modern Slavery Act, for the reporting year listed above.

A handwritten signature in black ink, appearing to read 'D. Robson', is written over a horizontal line.

Don Robson
President, CEO and Director
May 29, 2024

I have the authority to bind the Corporation.