



Fighting Against Forced Labour and Child Labour in Supply Chains Report for the year ended December 31, 2023

Reporting Entity and Reporting Entity's Legal Name

Full legal name: Outlier Resources Ltd. ("Outlier")

Outlier is a privately owned Alberta corporation incorporated in 2015. Outlier is engaged in the exploration for and production of hydrocarbons in Alberta, primarily natural gas, and therefore has a business presence in Canada and meets the definition of "producing goods in Canada" which per Public Safety Canada guidelines includes the extraction of goods.

Outlier has greater than \$20 million in assets and has generated more than \$40 million in revenue in each of the past two most recent financial years and therefore meets the threshold as a reporting entity under Bill S-211 An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act").

Business Number: 812053395 RT0001

Outlier does not report in any other jurisdiction.

Reporting Period – Financial Reporting Year

This report is for the year ended December 31, 2023. This report is submitted for the deadline of May 31, 2024.

Outlier Structure, Activities and Supply Chains

Outlier is privately owned by employees and the Board of Directors; the Board of Directors is comprised of Outlier's three senior management members who are actively engaged in the business.

Outlier does not have any subsidiaries or related companies. Outlier is not controlled by another company nor does Outlier control any other companies.

Outlier is not a direct importer of any goods or services. Most goods and services are procured locally in Outlier's main area of operation in and around Whitecourt, Alberta. Computer equipment and electronics are acquired from local vendors in Alberta. Office items are procured locally in Calgary from local vendors.

In 2023, Outlier incurred \$23 million on capital projects, primarily on drilling and completion of wells, and of associated infrastructure required to process natural gas and get it to market. Much of these expenditures are on services such as drilling or well completions. Associated infrastructure consists of locally manufactured (in Canada) steel pipe and equipment.

In 2023, Outlier incurred \$18 million in operating expenses. The majority of these costs are for services not subject to child or forced labour: local labour/wages (28%); property taxes, insurance and mineral rentals (18%); maintenance (14%); waste processing & disposal (14%), trucking (9%) and chemicals (9%). Together these categories account for 92% of our operating expenditures. Of these amounts, local labour/wages are highly paid petroleum sector jobs paid to adults; chemicals are locally manufactured methanol of which there is no forced or child labour in the supply chain.

Outlier spends minimal amounts on computer equipment, the majority of computer expenses are software related. A further discussion of computer and high-risk expenditures is included in the Risk section.

Where possible, Outlier looks to utilize goods and services produced locally. We look to our suppliers to maintain high levels of integrity and that operate under sound business practices.

Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour

Outlier has a Company Handbook, distributed to all employees. It includes a Code of Conduct stating that Outlier is committed to providing a safe, healthy and supportive work environment where employees and clients are treated with respect, fairness and sensitivity, free from violence and harassment. Employees are required to be familiar with these policies and procedures, and to treat all employees, clients, vendors and business associates with respect at all times. Any concerns are to be promptly brought to the attention of supervisors and/or management.

Outlier maintains a Whistleblower Policy whereby employees can securely relay to senior management any potential violation of any law.

Outlier employees, directors, and officers are prohibited from entering into any arrangement contrary to applicable requirements or laws. Employees, directors, and officers have a duty to report any observed discrimination, violence or harassment.

Directors, officers, employees and independent contractors are provided with a copy of the Company Handbook (or electronic access) and are required to acknowledge and certify Outlier's Statement of Compliance, which encompasses all policies referenced in the Company Handbook.

Outlier has not historically had specific policies and processes related specifically to forced and child labour. Such policies and procedures are being implemented, included in the Employee Handbook and enforced in accordance with changing legal requirements and in accordance with Outlier's governance policies requiring standards that meet or exceed all legal requirements.

Risk Assessment

The Walk Free website, categorized as the world's most comprehensive data set on modern slavery, provides extensive data about forced and child labour, including the annual Global Slavery Index ("GSI"). Walk Free defines modern slavery, which is not a term defined in law, as including forced labour and child labour. The phrase 'modern slavery' is used herein to reference data from the GSI.

Among other data, the GSI lists countries with the highest prevalence of modern slavery: North Korea, Eritrea, Mauritania, Saudi Arabia, Turkiye, Tajikistan, United Arab Emirates, Russia, Afghanistan, and Kuwait. Four of the five world regions – Africa, Arab States, Asia and Pacific, and Europe/Central Asia – are represented in the list of countries with the highest prevalence of modern slavery.

Canada imports goods at risk with the top categories being Electronics, Garments, Gold, Textiles and Sugarcane. Outlier does not import anything from this group except electronics. Outlier also purchases solar panels which are considered to be an elevated risk category.

Electronics is the biggest at risk category, representing \$11 billion of Canadian imports. The electronics category includes consumer electronics such as televisions, cameras, headphones, smartphones, tablets, and home products; it also includes medical electronics.

Outlier's exposure to forced or child labour in this category is small due to limited purchase of electronics in a small business setting. However, we look to reputable businesses in our purchasing.

Solar panel sales globally represent a high risk area. Outlier purchases solar panels for use at wellsites to show our commitment to reducing emissions towards meeting provincial and federally mandated emissions reduction targets.

Measures Taken

Outlier has taken multiple initiatives to improve the global situation of forced labour and child labour.

Outlier has identified high-risk areas of procurement within the company.

Outlier is focusing purchasing efforts on companies that exhibit strong standards with respect to forced labour and child labour.

Outlier is a client of Veriforce, a third-party company that per its website offers supply chain risk management. Veriforce is active in more than 130 countries and more than 120 languages. Veriforce emphasizes supply chain sustainability through safer workplaces and a positive impact on sustainable operations throughout the entire supply chain ([Supply Chain Sustainability for Complex Supply Chains - Veriforce](#)).

Outlier uses Veriforce to maintain a database of contractors and companies that we will do business with, and ones that we will not. Outlier will not do business with companies or contractors once it is ascertained that they violate health or safety standards and legislation, including forced or child labour.

Outlier has recently added a Forced and Child Labour questionnaire to our Veriforce contractor page. In the section are multiple questions pertaining to contractors' policies, progress and standards with respect to Forced and Child Labour. Outlier does not expect any vendors to be offside in answering questions, and we will be gathering data from participation in the questionnaire in order to help refine our forced and child labour policies in future.

Training provided to employees

Outlier employees have been provided a recorded webinar ([Webinar: Fighting Against Forced Labour: Navigating Government Regulations and Ethical Labour Practices by Veriforce \(bigmarker.com\)](#)), created by Veriforce, for viewing by all employees. The webinar is a tutorial on the Act, compliance with the Act, and a reference tool to help employees further integrate forced and child labour considerations into any procurement decisions. Outlier expects all employees to work towards reducing exposure to any goods that may include forced and/or child labour in supply chains.

How Outlier assesses effectiveness in ensuring no forced labour and child labour in supply chains

Outlier assesses effectiveness in ensuring no forced labour and child labour by taking the following actions.

Outlier strives to continuously improve understanding of our supply chains and which components are higher risk.

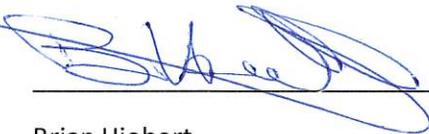
Outlier pays attention to websites and public statements made by our suppliers and how they are dealing with the issue of forced labour and child labour.

Outlier sends a quarterly email out to all employees and contractors listing any companies who, according to Veriforce, have not complied with or not reported their child labour standards and expects all business with those companies be stopped immediately.

In 2023, Outlier found no instances of forced and child labour in supply chains.

Attestation

In accordance with the requirements of the Act, I attest to having reviewed the information in this report. To the best of my knowledge, I attest that the information included herein is true, accurate and complete in all material aspects.



Brian Hiebert
CEO and Member of Board of Directors
Outlier Resources Ltd.
May 22, 2024