



2023 Modern Slavery Report

Pine Cliff Energy Ltd.

This 2023 Modern Slavery Report (the “**Report**”) addresses the period from January 1, 2023 to December 31, 2023 and has been prepared in compliance with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada) (the “**Act**”). This Report is made on behalf of Pine Cliff Energy Ltd. (“**Pine Cliff**” or the “**Company**”).

1. Introduction

Forced labour and child labour, each as defined in the Act, are crimes and serious violations of human rights. As a publicly listed Canadian oil and gas company, Pine Cliff recognizes the important role it has in ensuring that its operations, which are solely in Alberta and Saskatchewan, Canada, and the supply chains that support its operations, adhere to the highest ethical standards, including the prevention and identification of forced labour and child labour in its supply chain. This Report sets out the steps the Company has taken during fiscal 2023 to prevent and reduce the risk that forced labour or child labour is used at any step in the production of goods in Canada or elsewhere by Pine Cliff or of goods imported into Canada by Pine Cliff or third parties supplying Pine Cliff.

2. Our Business

Pine Cliff is an oil and gas company headquartered in Calgary, Alberta, Canada. Pine Cliff is an active acquirer and developer of oil and gas properties in Alberta and Saskatchewan. The Company is primarily focused on the acquisition and development of conventional natural gas and liquids production in the Caroline and Ghost Pine/Twining areas located in central Alberta. The Company’s supply chain includes businesses that supply goods and services to the organization, primarily encompassing various vendors, suppliers, contractors, and subcontractors involved in the procurement of goods and services necessary for the Company’s operations in developing and maintaining its conventional oil and gas properties.

In total, Pine Cliff procures goods and services from approximately 6,000 suppliers and contractors (“**Vendors**”). These Vendors are primarily Canadian based businesses that adhere to labour and operational regulations in Canada for oil and gas production, which are among the highest regulatory standards in the world.

Additional information regarding the corporate structure, operations and the industry conditions relating to Pine Cliff is available in the Company’s Annual Information Form for the year ended December 31, 2023, which can be accessed on its website at www.pinecliffenergy.com or on SEDAR+ at www.sedarplus.ca.

3. Our Policies

Policies

Pine Cliff's organizational and governance policies describe its values and expectations and makes a concerted effort to monitor the performance of its Vendors, to ensure their activities prevent having a negative impact on human rights. Our relevant policies are discussed in further detail below:

Code of Conduct

Pine Cliff is committed to conducting our business in a lawful and ethical manner. The Company's Code of Conduct (the "**Code**") is the foundation of the Company's policies and sets out guiding principles on professional conduct and establishes that in performing their duties and responsibilities, Pine Cliff's employees, consultants and directors, should always act lawfully, ethically and in the best interests of Pine Cliff.

Supplier Code of Conduct

Pine Cliff is committed to introducing a Supplier Code of Conduct (the "**Supplier Code**") that will detail the requirements and expectations we have of our suppliers, their supply chains, and other service providers with whom we engage. The Company will expect its suppliers to comply with all applicable legal requirements in the jurisdictions in which they operate and consistently monitor and enforce the Supplier Code in their own operations and supply chain. The Supplier Code will set forth Pine Cliff's principles of inclusivity and accountability. The Company will engage with suppliers that are committed to these same principles and suppliers will commit to these standards as a condition of doing business with Pine Cliff. Pine Cliff will make concerted efforts to ensure that the Supplier Code is in line with current best practices.

Whistle Blower Policy

Pine Cliff's Whistle Blower Policy (the "**Policy**") provides a mechanism for employees to report concerns regarding wrongdoing without fear of harassment, victimization, or subsequent recrimination. The Policy is intended to encourage and enable employees to raise serious concerns within the Company with independent directors, rather than overlooking a problem or seeking a resolution for the problem outside the organization. The Policy applies to all employees, contractors, consultants, and Vendors working for or engaged by the Company. It is also intended to provide a method for other stakeholders (suppliers, customers, shareholders etc.) to voice their concerns regarding Pine Cliff's business conduct.

Due Diligence

Pine Cliff expects third party Vendors to adhere to business principles and values similar to its own and to comply with all applicable laws and regulations.

4. Assessing Our Risk

Pine Cliff conducts all operations in western Canada where there is a low risk of forced or child labour. The Company engages in various activities to identify, assess, and manage Vendor risk. In assessing the risk of forced and child labour in its business and supply chains, Pine Cliff utilizes external compliance databases for smaller service providers; for larger organizations, the Company engages with its peers, consults with external experts, and conducts risk assessments during the procurement

process and any subsequent review. While forced labour and child labour can impact any population, Pine Cliff recognizes certain groups are particularly vulnerable, including:

- Domestic and foreign migrant workers.
- Contract, agency and temporary workers.
- Refugees, asylum seekers, ethnic minorities, and displaced persons.
- Young or student workers.

The Company's initial risk review identified that forced labour and child labour risk levels for its operations in western Canada are:

- **Low** within its business operations given that the labour resources and its Vendors being entirely within western Canada and given adherence to the legal, regulatory and business frameworks in place within Canada.
- **Moderate** for service categories such as information technology and other offshore support services, of which the Company is not aware of any.
- **High** for materials and equipment from non-transparent global supply chains from overseas countries. As per the US Government 2022 List of Goods produced by Child Labour or Forced Labour, the majority of such high-risk goods include raw goods: produce, cotton and rubber. Pine Cliff does not procure such raw goods.

Pine Cliff's exposure to the risk of forced labour and/or child labour may increase if it engages with third parties, particularly in categories such as protective equipment and clothing and construction materials, sourced in whole or in part offshore through third parties.

5. Our Commitments

Pine Cliff Energy Ltd. is committed to upholding high standards of ethical conduct, including the prevention of modern slavery and human trafficking in all aspects of our operations.

As a Canadian energy company, Pine Cliff recognizes its responsibility to ensure that forced labor or child labor is not used at any step of the production of goods, whether within Canada or abroad, by our entity or within our supply chains. Below outlines the steps we have taken or commit to be taken to address and mitigate these risks:

- Introduce responsible business conduct into policies and management systems.
- Mitigate adverse impacts, by raising awareness and understanding of modern slavery and human trafficking among employees and Vendors.
- Encourage employees and stakeholders to report any concerns or suspicions of modern slavery.
- Monitor and review supply chains and business relationships.
- Collect annual supplier and service provider attestation.

Remediation Measures

In accordance with the Act, Pine Cliff assessed its activities and supply chain and has not identified any incident of forced labor or child labor being used. Therefore, the Company has not been required to take any measures to remediate an incident of forced labour or child labour.

The Company acknowledges the importance of vigilance and ongoing monitoring to ensure that modern slavery risks remain mitigated within its operations and supply chains. Pine Cliff is committed to regularly reviewing its risk assessments and implementing any necessary remediation measures should the need arise in the future.

Pine Cliff's Code and Policy require all employees and contractors to report actual or possible misconduct. The Company also undertakes to ensure that the risk of forced labour and child labour is nullified in its business. If Pine Cliff discovers any forced labour or child labour in its business and supply chains, the Company may take one or more of the following measures to remediate such forced labour or child labour:

- Actions to support victims of forced labour or child labour and/or their families such as workforce reintegration and psychosocial support;
- Compensation for victims of forced labour or child labour and/or their families;
- Actions to prevent forced labour or child labour and associated harm from reoccurring.
- Grievance mechanisms; and
- Formal apologies.

Code of Conduct

Pine Cliff personnel at all levels are required to adhere to the Code and to ensure it is understood and properly applied to their daily activities. Every new employee, contractor or director of the Company must review and sign the mandatory values and policies included in the Code and are informed of how to report wrongdoing under the Policy. Employees and contractors are required to annually sign both the Code and the Policy to ensure that their knowledge remains current.

Supplier Engagement

Pine Cliff will engage with Vendors to raise awareness of modern slavery risks and provide guidance on implementing best practices for prevention and mitigation.

6. Our Progress and Effectiveness

As part of its governance processes, the Company monitors compliance with the Code and Policy on an ongoing basis. The Company also reviews any concerns raised pursuant to the Policy or other informal reporting mechanisms for employee feedback. To date, no significant concerns or complaints have been identified.

We also assess the effectiveness of our policies by:

- Regularly reviewing the Company's policies and procedures related to forced labour and child labour.
- Monitoring relevant performance indicators, such as levels of employee awareness, numbers of cases reported and solved through grievance mechanisms and numbers of contracts with specified anti-forced labour and child labour clauses.
- Working with Vendors to measure the effectiveness of their actions to address forced labour and child labour, including by monitoring relevant performance indicators.

7. Approval & Signature

This Report was approved by Pine Cliff's Board of Directors on May 16, 2024 and has been submitted to the Minister of Public Safety and Emergency Preparedness in Canada. This Report is also available on our website at www.pinecliffenergy.com.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in this Report for the Company. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in this Report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

"signed Philip B. Hodge"

Philip B. Hodge
President and CEO

May 16, 2024

I have the authority to bind Pine Cliff Energy Ltd.

Advisories

Forward-Looking Information

Certain statements contained in this report include statements which contain words such as "anticipate", "could", "should", "expect", "seek", "may", "intend", "likely", "will", "believe" and similar expressions, statements relating to matters that are not historical facts, and such statements of our beliefs, intentions and expectations about development, results and events which will or may occur in the future, constitute "forward-looking information" within the meaning of applicable Canadian securities legislation and are based on certain assumptions and analysis made by us derived from our experience and perceptions. Forward-looking information in this report includes, but is not limited 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; maintenance of existing supplier and partner relationships; supply channels; and other such matters.

All such forward-looking information is based on certain assumptions and analyses made by us considering our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. The risks, uncertainties, and assumptions are difficult to predict and may affect operations, and may include, without limitation: 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; the existence of operating risks; volatility of oil and natural gas prices; oil and gas product supply and demand; risks inherent in the ability to generate sufficient cash flow from operations to meet current and future obligations; increased competition; access to information regarding subcontractors; stock market volatility; opportunities available to or pursued by us; and other factors, many of which are beyond our control. The foregoing factors are not exhaustive.

Actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurance can be given that any of the events

anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits will be derived there from. Except as required by law, Pine Cliff disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

The forward-looking information contained herein is expressly qualified by this cautionary statement.