Topaz Energy Corp.

2023 Modern Slavery Report

About this Report

This report (the 'Report') is made on behalf of Topaz Energy Corp. ('Topaz', the 'Company', 'we' or 'our') and the wholly owned subsidiaries: Reserve Royalty Commercial Trust; Reserve Royalty GP Ltd.; Reserve Royalty GP#2 Ltd.; Reserve Royalty Limited Partnership; Reserve Royalty (Manitoba) Limited Partnership; 2377100 Alberta Ltd.; and Jarvie Royalty Partnership. The Report is made pursuant to Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Bill S-211 or the 'Act') and constitutes our forced labour and child labour (each as defined in the Act and together referred to as 'modern slavery') reporting statement for the financial year ended December 31, 2023 ('2023').

The Report details the assessed risks associated with modern slavery in our operations and supply chains, the actions we have taken to address those risks, and the go forward processes to evaluate the effectiveness of our actions.

Business Overview and Summary

Topaz is a unique Canadian public royalty and infrastructure energy investment company. We do not directly conduct upstream petroleum and natural gas exploration and development or other energy related operations, nor do we exercise control, or develop energy assets. Rather, Topaz's revenue is generated from assets operated by a limited number of select counterparties, including our key counterparty, Tourmaline Oil Corp. ('Tourmaline'), from whom Topaz's formative assets were acquired and who currently owns approximately 30% of Topaz's common equity. Over the past four years, Topaz has strategically invested over $2.0 billion with seven strategic Canadian public operators (our 'Primary Partners').

At the end of 2023, Topaz's asset portfolio was made up of royalty interests over approximately six million gross acres in the Western Canadian Sedimentary Basin ('WCSB'), featuring high growth royalty assets across the NEBC Montney, Clearwater and Charlie Lake plays, stable and resilient royalty interests across the Deep Basin, Central Alberta and Southeast Saskatchewan; and high-margin, financially-contracted infrastructure ownership in natural gas processing and water conservation facilities located across the WCSB.

See *"The Company's Business"* in the Company's most recent Annual Information Form available on SEDAR+ at www.sedarplus.ca and the Company's website at www.topazenergy.ca for further information about Topaz.

Topaz is committed to environmental, social and governance ('ESG') best practices and operating with integrity in a sustainable manner. We respect and uphold fundamental basic human rights and believe that all individuals should be treated with dignity.

Given the unique nature of our business and our foregoing commitments and values, we have not identified any actual instances of modern slavery in our operations or supply chains for 2023.

Approval and Attestation

The Report was approved by the Board of Directors (the 'Board') on May 31, 2024, pursuant to subparagraph 11(4)(b)(ii) of the Act, for Topaz and its wholly owned subsidiaries listed above, and has been filed with the Minister of Public Safety and Emergency Preparedness.

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. Based on my knowledge, and having exercised reasonable diligence, I attest, on behalf of the Company, and with no personal liability, that the information in the Report is true, accurate and complete in all material respects for the purposes of the Act, for 2023.

I have the authority to bind Topaz Energy Corp., and its wholly owned subsidiaries.

Marty Staples
President and Chief Executive Officer
May 31, 2024

2023 Progress and Topaz's Sustainable Investment Strategy

Topaz has adopted policies and procedures that demonstrate the key principles that the Company, and our stakeholders, vendors, suppliers and representatives share in conducting business ethically and in a sustainable manner. Topaz believes that ethical and sustainable business practices are fundamental to our long-term success and we ensure that all representatives of Topaz uphold and respect human rights as reflected in the Universal Declaration of Human Rights and the Canadian Charter of Rights and Freedoms.

During 2023, Topaz took several steps to expand our understanding to identify the potential risk that modern slavery is used in our business and supply chains. These steps included performing an evaluation of our business and supply chains, making inquiries to our vendors, suppliers and representatives about their business practices and supply chains, making inquiries to our peers and the operators of our royalty and infrastructure assets and engaging in conversations with our board and certain committees, as well as our external auditors and corporate legal counsel. Through these efforts we established regular processes to identify and reduce risks that modern slavery is used in our business and supply chains.

Topaz's growth is premised on a virtuous cycle of investments in superior resources resilient to lower commodity prices and infrastructure alongside top-tier operators. We are committed to delivering superior, sustainable investment returns to our shareholders by fostering a strong and committed work force, mitigating climate-related risk and upholding strong corporate governance and ethics. These commitments rest upon a foundation of ethical business practices that prohibit discrimination or violation of human rights. We believe that evaluating and mitigating our asset portfolio risk is most critical in advance of making investments. We conduct due diligence procedures and review operators' historical financial information, reserves evaluations, and policies, performance and regulatory compliance/enforcement records. We seek to identify any non-compliance with human rights, biodiversity, consultation and remediation requirements, and substantiate information incorporated into our economic evaluation. Our ESG-integrated investment criteria guide our risk-adjusted economic returns and formulates our strategic decision-making. To the extent we identify adverse risks, we do not proceed with the investment. Topaz's commercial development team uses their collective experience of over 12 decades in the Canadian oil and gas industry that provides expertise in the areas of commercial development, finance, engineering, sustainability, accounting, land, geology, risk management, and legal compliance, to evaluate and pursue superior investment opportunities. ESG and ethical business practises are integrated within each of these areas and our experience in evaluating, structuring, and managing energy-related projects has given us the technical expertise to identify relevant risks and opportunities.

Due diligence focus areas of our sustainable and ethical investment strategy include:

- **Operators** – evaluation of the operator's business, reputation, and operational track record; emission performance and reduction/mitigation programs, human rights policies and performance, health and safety, cyber security framework and financial standing;
- **Assets** – evaluation of the location, assets' economic viability, sustainability profile and growth expectations or limitations, including whether or not the assets are located in corrupt or compromised jurisdictions; and
- **Economic** – evaluation of the economic attributes and sensitivities to production and commodity price changes, technical resource characteristics, growth prospects, egress cost and capability, technological advancements, financing availability and other relevant risks and opportunities.

Topaz's agreements require operators to comply with relevant laws and regulations; biodiversity impact/stakeholder consultation and continuous monitoring; restoration/rehabilitation; ethical business and human rights practices; and non-compliance notifications requirements. Non-compliance can result in Topaz working alongside regulators to enforce compliance, transfer operatorship, or Topaz can terminate the agreement. Our royalty and infrastructure agreements provide us with joint venture operational and financial compliance and inspection rights. Our agreements provide Topaz the entitlement to audit the books and records, access or inspect the physical assets and verify compliance with applicable laws, including environmental, human rights and ESG-related regulations.

On an annual basis we review each of our Primary Partners' annual public disclosure filings including but not limited to, annual information forms, ESG reports and Extractive Sector Transparency Measures Act ('ESTMA') reports. Annual reviews are focused on the identification of potential environmental, operational or human rights related incidents or breaches of contract. We also confirm our Primary Partners' understanding of, and compliance with Topaz's Vendor Code of Business Conduct and Ethics or substantially equivalent policies and practices. No areas of concern were identified during our 2023 annual review. Future consideration will include the review of each of our Primary Partners' modern slavery reporting as part of our due diligence procedures.

Structure

Topaz is a Canadian company incorporated under the *Business Corporations Act* (Alberta) and is headquartered in Calgary, Alberta, Canada. The Company's common shares are listed and posted for trading on the Toronto Stock Exchange under the trading symbol "TPZ".

Activities

Topaz is a unique royalty and infrastructure energy company focused on generating free cash flow growth and paying reliable and sustainable dividends to its shareholders, through its strategic relationship with Canada's largest and most active natural gas producer, Tourmaline, an investment grade senior Canadian E&P company, and leveraging industry relationships to execute complementary acquisitions from other high-quality energy companies, while maintaining its commitment to ESG best practices. Topaz focuses on top quartile energy resources and assets best positioned to attract capital in order to generate sustainable long-term growth and profitability.

Topaz has twelve employees all of whom work from our head office located in Calgary, Alberta. Our staff consists of energy-focused technical experts and administrative and corporate finance professionals.

Supply Chain Overview

As an energy investment company, Topaz does not operate, exercise control, or develop energy assets. Topaz engages with Tier 1 suppliers, vendors and contractors ('Suppliers') that provide services related to general and administrative processes which support our head office located in Calgary, Alberta. As an energy investment company, we do not engage with any Suppliers that have direct involvement in the operations or development of our underlying energy assets. Our highest value Suppliers provide consulting services, data subscription and information technology services and investor relations support (such as travel services or public filing fees). During 2023, Topaz's approximate expenditures relating to Tier 1 suppliers was $1.6 million, 56% of which related to professional consulting fees.

The majority of our suppliers are domiciled in Canada and the United States; however, we appreciate that our suppliers may supply products that originate from other jurisdictions and may have their own global supply chains. Topaz does not have any exposure to unions or collective bargaining, does not own any royalty or infrastructure assets in known conflict areas. Topaz had no human rights violations or health and safety incidents during 2023.

Policies and Due Diligence

Topaz's governing and nominating policies and sustainability strategy, overseen and approved by the Board, are developed by the Governance, Compensation & Sustainability ('GC&S') Committee, and are designed to align our interests with Topaz's stakeholders. The GC&S Committee is responsible for the oversight of climate-related strategy, corporate governance policies, business ethics including bribery, corruption and modern slavery, and Topaz's health and safety risk management system. As a Canadian public company, Topaz's corporate governance and financial reporting policies comply with the Canadian Securities Administrators ('CSA') Corporate Governance Guidelines.

Topaz requires the highest standards of professional and ethical conduct from our directors, officers, employees and suppliers. Our reputation among our shareholders for honesty and integrity is key to the success of our business. To uphold our commitment, our Code of Business Conduct and Ethics policy, the Vendor Code of Business Conduct and Ethics, in addition to Topaz's other related policies, practices and guidelines, as approved and implemented by the Board and executive officers of the Company are used in identifying and managing ethical situations and making ethical and sustainable business decisions. We also make specific commitments to prohibit modern slavery, including implementing and enforcing systems and controls to safeguard against modern slavery taking place within our business. These policy commitments apply to all Topaz employees, business partners and suppliers as Topaz expects and requires its employees, business partners, vendors, and suppliers to uphold this standard of compliance. Prior to entering any investment, we conduct due diligence procedures and review operators' historical financial information, reserves evaluations, policies, performance, and regulatory compliance/enforcement records. In addition, we perform annual reviews that are focused on the identification of potential environmental or operational incidents, breaches of contract, and confirmation of Topaz's Vendor Code of Business Conduct and Ethics or substantially equivalent policies and practices.

A summary of Topaz's relevant corporate governance policies is provided in the table below. Topaz's corporate governance policies are available on our website at: https://topazenergy.ca/governance/.

Topaz's due diligence practices and procedures over our key suppliers include:

- Performing due diligence procedures over potential partners prior to entering into any significant transactions;
- Annually confirming our primary partners' understanding of and compliance with Topaz's Vendor Code of Business Conduct and Ethics or equivalent policies;
- Providing our corporate governance policies, including our codes of business conduct and ethics on our public website; and
- Ensuring our key suppliers are focused in Tier 1 jurisdictions.

Topaz recognises the risk of potential modern slavery within our Tier 2 supplier level, for example due to the outsourcing of some labour by our Tier 1 suppliers. Topaz will continue to understand and mitigate this risk through our Tier 1 supplier due diligence procedures.

In 2024, Topaz will continue to expand our risk mitigation and supplier due diligence procedures to assist in better understanding our suppliers, including their policies and practices relevant to modern slavery, including providing each key Tier 1 supplier with a Vendor Notice communicating our expectations of suppliers' obligations under the Act.

Corporate Governance Policy	Policy Description
Code of Business Conduct and Ethics	Honesty and integrity are fundamental values to our business. The board has adopted the Code of Business Conduct and Ethics within our corporate governance framework that guides the culture of ethical business conduct required of all directors, management, employees, contractors and third-party service providers. Topaz has zero tolerance for fraud, bribery, corruption, self-dealing, modern slavery or misuse of confidential information and company property. Annually, every employee, director and contractor must review and certify compliance with the Code of Business Conduct and Ethics. Topaz provides onboarding and continual training for all employees and incorporates an evaluation of compliance and leadership in regard to our corporate governance and culture in our annual employee performance evaluation process. Topaz has a robust system of internal controls to monitor for illicit payments or corruption in additional to strict policies to identify conflicts of interest, in addition the Company has an anonymous process of reporting known or suspected incidents (see Whistleblower Policy).
Vendor Code of Business Conduct and Ethics ('Vendor Code')	Topaz requires the highest standards of professional and ethical conduct from our partners, vendors, and suppliers, in conformance with all laws, regulations, protection of human rights and in alignment with Topaz's business practices. The Vendor Code reflects Topaz's commitment to conducting our business with a culture of honesty, integrity and accountability and outlines the basic principles and policies with which all Topaz partners, vendors and suppliers are expected to comply. Fundamental to our Vendor Code is the understanding that a business, in all its activities, must operate in full compliance with the laws, rules and regulations of the countries and jurisdictions in which it operates, and avoid even the appearance of impropriety. Topaz performs due diligence procedures prior to entering any significant transactions with new vendors. Vendors must comply with applicable employment and labour laws and regulations as well as with international proclaimed human rights, which include the Universal Declaration of Human Rights and International Labour Organization ('ILO') conventions and other rights and freedoms enshrined in the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the International Labour Organization, the OECD Guidelines for Multinational Enterprises and the Canadian Charter of Rights and Freedoms. Specifically, this policy addresses "human trafficking, child labour and slavery", and states that vendors ***are prohibited from using child labour, forced or enslaved labour*** whether in the form of compulsory, involuntary, slave, modern slavery, mental and/or physical coercion or trafficked labour under any circumstances.
Environment, Human Rights and Health & Safety	This policy affirms Topaz's commitment to protect the environment, prevent, reduce and mitigate harmful effects on the environment and natural resources, basic human rights from a race, gender, nationality, ethnicity, language or other status deemed relevant, prevent and prohibit discrimination and harassment and ensure the health and safety of the Company's employees, contractors, directors and officers by providing and maintaining a respectful workplace, business environment and relationships with stakeholders.
Diversity Policy	This policy sets the framework to promote diversity, equity, and inclusion on the Board and within the organization of Topaz (employees and officers). The Board and Topaz are committed to ensuring a diverse and inclusive culture across the organization, prohibiting discrimination (including age, disability, ethnic origin, family status, race religion, gender, sexual orientation, and social origin), harassment or any abusive behavior, across the organization including the board and executive level, and ensuring equality of opportunity is promoted and demonstrated.
Whistleblower Policy	The whistleblower policy is established for employees, management, officers, directors, contractors, consultants, vendors, customers, and all other stakeholders of the Company. Topaz is committed to the highest standards of professional and ethical conduct, openness, honesty, and accountability. The transparency, honesty and integrity and accountability of Topaz's financial, administrative and management practices are vital as they guide the decisions of the Board and are relied upon by our shareholders, financial markets and other stakeholders.

Operational Risks

Topaz's operations are conducted through its sole corporate office, located in Calgary, Alberta, Canada and we have no operational control or physical presence outside our corporate workplace. We are removed from the direct risks associated with oil and gas operations. Globally, there may be higher risk of modern slavery practices such as human trafficking or child labour in operations and supply chains relating to the oil and gas industry due to:

- Operations in jurisdictions with higher risk of corrupt business practices;
- Challenges relating to multi-national supply chains; and
- Reliance in some jurisdictions on low-skilled workers or labour outsourcing.

Our investment in energy assets result in an indirect exposure to operational risks. Therefore, it is a key component of our business strategy to mitigate risk at the onset of our investment decisions through our evaluations process. Our Sustainable Investment Strategy was designed to address these risks which includes our investment and look-back evaluation processes and ongoing portfolio risk management practices. Our goal is to invest in a manner that visibly demonstrates our commitment to health, safety, ethics, and environmental leadership.

At present, Topaz does not have any investments outside of Canada and does not evaluate investment opportunities in jurisdictions with higher risk of corrupt business practices or within areas where low-skilled workers or labour outsourcing is expected to be a significant issue. For 2023, Topaz has reviewed each of our Primary Partners' annual public disclosure filings and found no non-compliance issues with relevant laws and regulations.

Supply Chain Risks

Topaz has assessed the risk of modern slavery in its Tier 1 suppliers as low in 2023. Tier 1 suppliers, as discussed above, are predominantly within the low-risk professional services sector and all based in jurisdictions which are low-risk for modern slavery due to strong governmental laws and regulations. Most suppliers used by Topaz have reached business maturity and have strong governance policies and practices of their own.

Further, given that the Primary Partners' operations are in primarily in Canada, we consider that there is also a minimal risk of modern slavery occurring in their supply chains. We have identified that such risk may exist in the supply chains of suppliers procuring goods and services outside of Canada, however we believe, that based on the highly ethical nature of the oil and gas industry in Canada as a whole, this risk would also be low.

Our Vendor Code is focused on ensuring our vendors, partners and suppliers uphold the same business values as Topaz and requires the highest standards of professional and ethical conduct. The Vendor Code of Business Conduct and Ethics reflects Topaz's commitment to conducting our business with a culture of honesty, integrity and accountability and outlines the basic principles and polices with which all Topaz partners are expected to comply.

Human Resource Risks

Topaz is committed to providing an exceptional employee experience, aimed at creating an environment that attracts, develops, and retains committed individuals. Central to this is our dedication to prioritize engagement, inclusion, collaboration, and professional development. Our workforce as of December 31, 2023 was twelve full time employees, comprised of 58% females and 42% males, collectively representing 18% ethnic diversity. Our employment policies and procedures ensure that our direct workforce of twelve people is not at risk of exploitative treatment such as forced labour. Topaz has an anonymous process available to employees, contractors, directors, and partners to report known or suspected incidents (Whistleblower Policy) of non-compliance with laws and regulations. To date there have been no incidents reported.

Annually, every employee, director and contractor must review and certify compliance with Topaz's Code of Business Conduct and Ethics. Topaz provides onboarding and continual training for all employees and incorporates an evaluation of compliance and leadership in regard to our corporate governance and culture in our annual employee performance evaluation process.

Since inception, and in our direct control, Topaz has had no suspected or known incidents of non-compliance, no human rights or labour standards controversies, and we are committed to upholding internationally recognized human rights standards.

Remediation

At present Topaz has not identified any potential modern slavery non-compliance issues within our operations or supply chains. With no issues requiring remediation, our focus will continue to be on prevention and due diligence for our partners and suppliers.

Training and Awareness

As part of our annual governance acknowledgement and onboarding process, all staff are required to review and sign off on our Code of Business Conduct and Ethics. This outlines that Topaz has the highest standards of professional and ethical conduct from directors, officers, and employees. In addition, Topaz has an Environment, Human Rights and Health & Safety Policy which affirms the Company's intention and responsibility to respect human rights and provide and maintain a respectful workplace, business environment, and relationship with stakeholders.

Topaz currently provides employees with training on a range of compliance matters and our position and approach to modern slavery is made available to our staff through onboarding and our Code of Business Conduct and Ethics. We will be providing mandatory training for all twelve employees on modern slavery in 2024. It is important to us to make sure everyone, at every level of the business, is aware of our compliance requirements and the ways we can reduce risks.

Assessment of Effectiveness and Key Performance Indicators

We are committed to conducting our business both now and in the future legally, ethically and responsibly. To uphold our commitment, Topaz's Whistleblower Policy provides an effective, consistent, and appropriate procedure, by which all incidents that potentially violate our corporate governance policies and any related statutes, regulations or laws applicable to Topaz are properly received, recorded, investigated and brought to an appropriate resolution. Our anonymous Whistleblower Hotline is available to employees and third parties to report any unethical or improper business practices, grievances, or complaints, directly to the Chair of the Audit Committee.

Topaz administers an annual anonymous employee survey to assess employee engagement and satisfaction and to identify areas of improvement. Topaz has received 100% participation and obtained very strong employee satisfaction scores each year the survey has been administered.

We currently track and report indicators that assess our performance including the extent or number of whistleblower reports received, human rights and health and safety incidents, and the results of Topaz's employee satisfaction surveys. In 2024, Topaz will develop and include key performance indicators to promote the implementation of our modern slavery risk commitment in our reporting.

Future Actions

Topaz continues to develop our processes and practices to mitigate the risks of modern slavery in our operations and supply chain. During the next reporting period, and into the future, Topaz will continue to develop our procedures including:

- Continuing to enhance our Sustainable Investment Strategy evaluation and due diligence procedures, and incorporating our understanding of, and compliance with the Act through our investment evaluations;
- Development of a Vendor Notice to be provided to suppliers, communicating their responsibilities and obligations to Topaz under the Act; and
- Developing and delivering additional training to all employees on modern slavery, to increase their knowledge and understanding in order to identify and mitigate modern slavery risks.

Disclaimer and Cautionary Statement

This Report is for reporting purposes under the Act only and any unauthorized use is strictly prohibited.

Certain statements made in this Report, including, but not limited to, statements relating to expected future plans, actions or strategies with respect to modern slavery matters or otherwise and other statements that are not historical facts, are forward-looking. By their nature, forward-looking statements require Topaz's management to make assumptions and predictions and are subject to inherent risks and uncertainties, thus there is risk that the forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause actual future results and events to differ materially from that expressed in the forward-looking statements. Accordingly, this Report is subject to the disclaimer and qualified by the assumptions and risk factors referred to in Topaz's most recent Annual Information Form and MD&A. The forward-looking statements made in this Report and discussion describe our expectations as of the date hereof and, accordingly, are subject to change going forward. Except as required by law, Topaz disclaims any intention or obligation to update or revise forward-looking statements.