



Modern Slavery Report 2023

Yangarra Resources Ltd.

May 10, 2024

This 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 Yangarra Resources Ltd. (“Yangarra” or the “Company”)

Forced labor and child labor, as outlined in the Act, constitute serious crimes and violations of fundamental human rights. As a Canadian oil and gas enterprise, Yangarra acknowledges its responsibility in ensuring that its activities within Alberta, Canada, and the associated supply chains uphold the highest ethical standards. This includes the prevention and detection of forced labor and child labor within our supply chain. This report details the measures undertaken throughout fiscal year 2023 to mitigate and prevent the potential utilization of forced labor or child labor at any stage of goods production in Canada or abroad by Yangarra, or within goods imported into Canada by Yangarra or its affiliated third-party suppliers.

1. Business structure, activities, and supply chains.

Yangarra is a junior oil and gas company engaged in the exploration, development and production of natural gas and oil with operations in Western Canada, with a main focus on the Cardium in Central Alberta, where the Company has extensive infrastructure and land holdings. Yangarra is dedicated to creating value for its shareholders through its commitment to a clear business strategy and performance objectives. The Company's strategy is to increase the value of its corporate assets through the drill bit and by assembling a large, focused land base in Central Alberta that features high-quality, long-life light oil and liquids-rich gas reserves. The Company has assembled a significant future drilling inventory and will strive to grow this inventory through drilling, geology and strategic acquisitions.

Yangarra's supply chain encompasses a network of businesses that provide goods and services to our organization. This network primarily consists of vendors, suppliers, contractors, and subcontractors responsible for procuring the necessary goods and services essential for developing and sustaining our conventional oil and gas properties and to supply our internal oil field services group.

Yangarra deals with vendors that are exclusively from Canada following Canada oil and gas regulations that will submit their respective Modern Slavery Report as well. Additional information regarding the corporate structure, operations and the industry conditions relating to Yangarra is available in the Company's Annual Information Form for the year ended December 31, 2023, available on the Company's website (www.yangarra.ca).

2. Policies and due diligence processes in relation to forced and child labour.

Yangarra employees a number of organizational and governance policies that outline how we conduct our business and how we expect our suppliers and business partners to conduct their business.

Yangarra will not tolerate any forms of forced labour or child labour and we will make every effort to ensure this does not occur with our vendors or partners. Our relevant policies are listed below and are available on our website (www.yangarra.ca):

- Code of Business Conduct and Ethics Policy
- Diversity Equity Inclusion Policy
- Human Rights Commitment and Accommodation
- Whistle Blower Policy

Prior to engaging with third parties, we hold the expectation that they align with the business principles and values akin to our own, while also adhering to relevant laws and regulations. To ensure this alignment and mitigate potential risks, we conduct thorough evaluations of the prospective relationships through risk-based due diligence and checks before making any commitments.

We acknowledge that employees working in our supply chain are at potential risk of forced labour or child labour. In order to mitigate this risk, we intend to follow a due diligence approach that includes the following steps:

- Monitoring and reviewing supply chains and business relationships
- Identifying and assessing adverse impacts in operations
- Training and raising awareness
- Communicating how impacts are addressed
- Providing for or cooperating in remediation when appropriate

3. Activities and supply chains that carry a risk of forced or child labour being used and the steps it has taken to assess and manage that risk.

Yangarra will consider the following risk factors when we are assessing the risk within our business:

- Reliance on low skilled workforce
- Presence of migrant workers
- Presence of child labour
- Dangerous or undesirable work
- Presence of labour intermediaries
- Offshore production and sourcing of materials
- Long, complex, or non-transparent supply chains
- Jurisdictional risks including poverty, conflict, and enforcement of international human rights standards

At Yangarra, we are dedicated to maintaining the utmost standards of ethical conduct, which encompasses preventing modern slavery and human trafficking across all facets of our operations. As a Canadian oil and gas company, we acknowledge our duty to safeguard against forced labor or child labor at every stage of goods production, both domestically and internationally, whether undertaken directly by our organization or within our supply chains.

Below outlines the steps we will take to address and mitigate these risks:

- Mapping our exploration and production activities
- Mapping our supply chains
- Monitoring suppliers
- Developing and implementing due diligence policies and processes for identifying, addressing and prohibiting the use of forced labour and/or child labour in the organization's activities and supply chains
- Engaging with supply chain partners on the issue of addressing forced labour and/or child labour
- Encourage employees and stakeholders to report any concerns or suspicions of modern slavery.

4. Measures taken to remediate forced or child labour and measures taken to remediate the loss of income incurred by the most vulnerable families that results from any measure taken to eliminate the use of forced or child labour from its activities and supply chains.

In accordance with the Act, Yangarra has conducted a preliminary assessment of its activities and supply chain and did not identify any incident of forced labor or child labor being used. Therefore, we did not need to take any measures to remediate an incident of forced labour or child labour.

The Company recognizes the critical importance of vigilance and continual monitoring to uphold the mitigation of modern slavery risks within our operations and supply chains. We are steadfast in our commitment to routinely review our risk assessments and swiftly implement any required remediation measures should the need arise in the future.

Our Code of Business Conduct and Ethics and our Whistleblower Policy require all employees and contract workers of Yangarra to report actual or possible misconduct. We also undertake diligence efforts (as further described in this Report) to ensure that the risk of forced labour and child labour is mitigated in our business. In the event that we discover any forced labour or child labour in our business and supply chains, we 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 harms from reoccurring
- Grievance mechanisms
- Formal apologies

5. Training provided to employees on forced and child labour.

Yangarra mandates that all personnel, regardless of their position, strictly adhere to our Code of Business Conduct and Ethics policies, ensuring comprehensive understanding and proper application in their daily endeavours. Every new hire at Yangarra is obligated to review and sign our essential values and policies as outlined in our Code of Business Conduct and Ethics, and they are duly informed about the procedures for reporting any misconduct under our Whistleblower Policy. To uphold this commitment, we offer continuous and periodic training opportunities to ensure that all employees are equipped with up-to-date knowledge.

We engage with our suppliers to raise awareness of modern slavery risks and provide guidance on implementing best practices for prevention and mitigation.

6. Process for assessing its effectiveness in ensuring that forced and child labour are not being used in its activities and supply chains.

As part of our governance processes, we monitor compliance with our policies on an ongoing basis. We also review any concerns raised through our Whistleblower Policy and other informal mechanisms of employee feedback. To date no significant concerns or complaints have been identified.

Yangarra's senior leadership team will review certain key performance indicators of human rights, including forced labour and child labour on an annual basis. Any non-conformances identified are dealt with directly by senior management. Support will be provided to suppliers where necessary to resolve any issues raised.

We will also assess the effectiveness of our policies by:

- Setting up a regular review or audit of the organization's policies and procedures related to forced labour and child labour
- Tracking relevant key performance indicators, such as levels of employee awareness, numbers of cases reported and solved through grievance mechanisms and numbers of contracts with anti-forced labour and child labour clauses
- Working with suppliers to measure the effectiveness of their actions to address forced labour and child labour, including by tracking relevant performance indicators.

7. Approval & Signature

This Report was approved by Yangarra's Board of Directors on May 10, 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.yangarra.ca.

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.

(signed) "James G. Evaskevich"

James Evaskevich

CEO

May 10, 2024

I have the authority to bind Yangarra Resources

Forward-looking Statements

Certain information regarding the Company set forth in this report, including management's assessment of the Company's future plans and operations, contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These risks and uncertainties, many of which are beyond the Company's control, include the impact of general economic conditions and specific industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, the lack of available qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements, and accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits the Company can derive from such events.