

NEX: KLE.H



**Fighting Against Forced Labour and
Child Labour in Supply Chains**

For Year Ending November 30, 2024

INTRODUCTION

Kingsland Energy Corp. (“**KEC**” or “**Corporation**”) is pleased to release its Annual Report (“**Report**”) on Fighting Against Forced Labour and Child Labour in Supply Chains (also referred to as modern slavery) per the requirements put forth in Fighting Against Forced Labour and Child Labour in Supply Chains Act (“**The Act**”). **KEC** plays a role in promoting human rights and responsible business practices in Canada and across our global sales and marketing locations. We recognize that risks of forced labour and child labour exist and acknowledge that understanding and managing these risks requires a collaborative approach with our suppliers, workforce, and external stakeholders.

Since **KEC** is still in the strategic planning and development stage, has minimal operations and an inactive supply chain, we have a unique opportunity to embed ethical practices from the very beginning. Laying the groundwork now will set a solid foundation for the Corporation's future growth and ensure that ethical considerations are integrated into every aspect of our business's core operations and supply chains.

REPORTING ENTITY

KEC was incorporated on April 27, 2009, and on December 19, 2011, **KEC** was amalgamated (“**Amalgamation**”) with Millstreet Industries Inc. to form a new corporation under the name of “Kingsland Energy Corp.” **KEC** became a TSX Venture Tier 2 “Exploration” Oil and Gas Issuer (as defined in Exchange policies) and began trading under the symbol “**KLE**”. The Corporation is a resident of Saskatchewan oil & gas and energy transition corporation. On August 4, 2017, the Corporation's shares were transferred to the NEX Board of the Exchange (“**NEX**”), and accordingly its Tier classification changed to the NEX. It now trades under the symbol “**KLE.H**”.

The Corporation's head office is located at #002, 2305 Victoria Avenue, Regina, Saskatchewan, Canada. Additional information related to the Corporation is available for view on SEDAR+ at www.sedar.com.

KEC is required to prepare an annual report (“**The Report**”) on forced labour and child labour risks in supply chain and business activities to adhere to The Act.

The Report outlines **KEC**'s governance processes, existing measures, and progress made in the 2024 fiscal year to prevent and mitigate the risks of modern slavery across our supply chains. The Report is made pursuant to The Act and was approved by the **KEC** Board of Directors (“**BOD**”) on May 27, 2025.

CORPORATE STRUCTURE AND BUSINESS ACTIVITIES

KEC wholly owns the subsidiary EHR Enhanced Hydrocarbon Recovery Inc. (“**EHR**”). **EHR** operations are based in Saskatchewan and their principal place of business is located at #002-2305 Victoria Avenue, Regina, Saskatchewan, Canada. **KEC** and its associated company has its own board of directors responsible for directing and overseeing business activities.

KEC and its subsidiaries are developmental stage companies. **KEC** provides consulting services directly and through its subsidiary and historically was engaged in the business of oil and natural gas acquisition, mid-stream energy infrastructure, exploration and development, and energy transition in Saskatchewan and Manitoba.

OPERATIONAL ACTIVITIES

KEC's operational activities are minimal. **KEC** is currently pursuing alternative viable strategies to bring shareholder value and economic growth to the Corporation. It's the groundwork that will support the Corporation's future

endeavors and help navigate the complexities of entering a viable market.

SUPPLY CHAIN

In the 2024 reporting period, KEC remained in its strategic development and planning stage. This period is the groundwork for future supply chain participation, which will be essential once the Corporation reignites full-scale operations. During this time, the Corporation focuses on designing its supply chain network which will lead to selecting potential suppliers, creating strategies for logistics, procurement, and inventory management. We understand establishing a strong supply chain foundation in the early stages can lead to a more efficient and resilient operation when the Corporation launches its future products or services to the market.

However, as KEC progresses towards operational status, it is crucial to establish robust policies and due diligence processes to ensure that the risk exposure to forced labour and child labour in our supply chain are managed effectively. This proactive approach not only demonstrates corporate responsibility but also aligns with international, Canadian federal and provincial labour standards and can significantly enhance the Corporation's reputation among stakeholders and consumers. Establishing a clear, ethical supply chain from the outset will serve as a strong foundation for sustainable and responsible business practices in the future.

ADDRESSING FORCED AND CHILD LABOUR RISK IN KEC'S OPERATIONS AND SUPPLY CHAIN

OPERATIONAL RISK

KEC considers itself at a negligible risk exposure to forced and child labour within its development stage and operations are yet to begin in the future. Reasons supporting this assessment include:

- KEC is a small Corporation in terms of employee and consulting numbers;
- KEC maintains high ethical standards with minimum exposure to forced labour and child labour due to the proactive and robust protections enforced by the Canadian and provincial labour laws. These laws are designed to safeguard workers from exploitative practices in the organizations. *The Canada Labour Code*¹ ("CLC") provides a structured approach to industrial relations, occupational health and safety for employees within federal jurisdiction. Meanwhile, *Alberta's Employment Standards*² and *Saskatchewan Employment Standards*³ offer specific guidelines for employment, ensuring that workers are granted fair pay, reasonable hours, and safe working conditions. These measures collectively contribute to Canada's low exposure to forced and child labour, reflecting the country's dedication to protecting the rights and well-being of its workforce.

SUPPLY CHAIN RISK

KEC recognizes that the absence of a supply chain due to the Corporation being in the strategic planning and development stage does indeed mitigate the immediate risk of forced and child labour. KEC understands that identifying forced and child labour within supply chains is a challenging task due to the hidden and complex nature of these practices.

KEC'S REMEDIATION MEASURES

Although KEC is in the strategic planning and development stage, effective corporate policies remain of the utmost

¹ The Canada Labour Code

² Alberta's Employment Standards

³ Saskatchewan Employment Standards

importance. KEC historically has had in place a comprehensive corporate policy index that is periodically reviewed for improvements that would strengthen our index as a whole.

BUSINESS CODE OF CONDUCT

Implementing policies and conducting due diligence regarding forced and child labour is crucial for ethical and legal compliance, as well as for maintaining responsible and sustainable business operations for future operations. In 2024, KEC reviewed and implemented additional corporate policies to strengthen our corporate policy index, one of which is, the Forced Labour and Child Labour Protection Policy. Integrating responsible sourcing and supplier vetting into our supply chain strategy will help mitigate risks associated with forced labour and child labour down the line. KEC prioritizes ethical considerations throughout and establishing partnerships.

RISK ASSESSMENT AND MANAGEMENT POLICY

KEC's risk assessment and management policy clearly states the organization's zero-tolerance stance towards forced labour and child labour. It emphasizes the commitment to comply with all relevant laws and international standards pertaining to labour rights, including the prohibition of forced labour and child labour. Additionally, it articulates the organization's values and ethical principles regarding the fair and humane treatment of workers. The following key area of the risk assessment and management policy has developed a robust framework for preventing and addressing forced labour and child labour risks effectively:

- **Policy:** Policy outlines the overarching principles and objectives of the risk management process within the organization. It sets the tone for the entire policy, stating the organization's commitment to managing the risks of child labour and forced labour exposure effectively.
- **Purpose:** The purpose highlights the importance of preventing forced labour and child labour within the Corporation and its supply chain. It underscores the moral imperative of respecting human rights, promoting dignity, and ensuring the well-being of workers at all levels of the organization and throughout its operations.
- **Scope:** This defines the scope of the policy in relation to forced labour and child labour risks. It encompasses not only KEC's own operations but also its supply chain, including suppliers, contractors, and consultants. The scope also extends to any other entities or stakeholders with which the Corporation interacts, emphasizing the need for vigilance and due diligence throughout the entire value chain.
- **Responsibility:** In terms of responsibility, the policy clearly delineates the roles and obligations of all stakeholders within the organization. This includes senior management, human resources, procurement, and compliance officers. Each stakeholder understands their role in preventing and addressing forced labour and child labour risks, whether it's through risk assessment, due diligence, monitoring, or corrective action.
- **Procedures:** Finally, the procedures section outlines the specific measures and protocols that the organization will implement to deter and mitigate forced labour and child labour risks. This includes conducting risk assessments to identify vulnerable points in the supply chain, implementing supplier code of conduct agreements, conducting audits and inspections, providing training and capacity-building for employees and suppliers.

KEC'S SUPPLY CHAIN ASSESSEMNT TOOLS

KEC has established a Supplier Management Tool ("**SMT**") which is a proactive approach to assess and monitor the **Corporation's** future supplier base, especially regarding critical issues like corruption, forced labour, child labour, and anti-bribery and corruption ("**ABC**") risks. This process aligns with KEC's risk assessment and management policies as follows:

- **Questionnaire Design:** The questionnaire has been designed with the intention of a key component of risk assessment which is sent out to suppliers. The questionnaire aims to gather relevant information that will help to determine each supplier's risk profile. KEC includes questions about forced labour and child labour to identify potential vulnerabilities within its supply chain.
- **Risk Proofing:** The responses from suppliers will help in profiling their risk levels. Suppliers who exhibit higher risks in areas such as corruption, forced labour, or child labour may require closer scrutiny and additional measures to mitigate these risks. This segmentation allows the Corporation to prioritize its risk management efforts more effectively.
- **Policy alignment:** The questionnaire will also request information from suppliers about their own policies and processes related to forced labour and child labour. This aligns with the Corporation's risk management policy, which emphasizes the importance of suppliers having robust measures in place to address these issues. It allows the KEC to assess the alignment of supplier practices with its own values and standards.
- **Continuous Monitoring:** Beyond the initial questionnaire, the SMT will facilitate ongoing monitoring of supplier performance and risk exposure. This allows the Corporation to track changes in supplier risk profiles over time and take proactive measures as needed. It ensures that risk management efforts remain dynamic and responsive to evolving threats.
- **Compliance and Accountability:** Utilizing **SMT** for supplier management demonstrates KEC's commitment to compliance and accountability. By systematically assessing and monitoring supplier risks, the Corporation can demonstrate due diligence in preventing and mitigating risks such as corruption, forced labour, and child labour. This not only protects the Corporation from legal and reputational harm but also fosters trust with stakeholders.

TRAINING AND AWARENESS

KEC's proactive comprehensive training program has been constructed for all future employees, contractors, and consultants with the focus on the critical issues of forced labour and child labour within our operations and supply chain. This program is designed to enhance awareness and equip our team with the knowledge and tools necessary to identify and combat unethical practices.

Key components of the Corporation's training program are as follows:

- **Policy and Legal Frameworks:** Provide an overview of relevant laws and regulations pertaining to forced labour and child labour, both domestically and internationally.
- **Risk identification:** Educate employees on how to identify signs of forced labour and child labour within the Corporation's operations and supply chain.
- **Supplier Vetting:** Train employees involved in procurement and supply chain management on how to vet suppliers to ensure compliance with ethical labour practices.
- **Reporting Procedures:** Establish clear procedures for employees to report any suspicions or incidents of forced labour or child labour, ensuring confidentiality and protection from retaliation.
- **Internal Accountability:** Communicate the Corporation's commitment to zero tolerance for forced labour and child labour and outline the consequences for non-compliance.
- **Ethical Decision-Making:** Provide guidance on ethical decision-making in complex situations that may arise within the supply chain.

- **Continuous Improvement:** Emphasize the importance of ongoing monitoring, evaluation, and improvement of the corporate policies and practices related to forced labour and child labour and throughout the corporate policy index.

Our commitment to ethical business conduct and human rights is unwavering, and this training will be a significant step towards ensuring that our values are reflected throughout every level of the Corporation. By raising awareness and providing the necessary knowledge and tools, we are not only fulfilling our social responsibility but also contributing to a safer and more just working environments for all involved.

ASSESSING EFFECTIVENESS

KEC is committed to the ethical responsibility of mitigating forced labour and child labour risks in our operations and supply chains. Our approach has been to fortify our risk frameworks, ensuring they are robust enough to address and reduce the exposure to modern slavery. We have taken significant steps to enhance our understanding and capabilities in identifying potential risks of modern slavery.

In line with Canada and The Act, KEC has been proactive in our efforts to comply with the reporting requirements. Our actions include rigorous supply chain analysis, third-party risk assessments, and implementing remediation measures where necessary. We believe that these efforts will not only align us with regulatory requirements but also strengthen our social responsibility and corporate governance.

We will continue to assess the effectiveness of our actions and make improvements as required. Our goal is to ensure transparency and accountability in our fight against modern slavery.

KEC's annual risk assessment policy is reviewed on a consistent basis with valuable contributions from various departments, including sustainability groups. This comprehensive review allows us to effectively investigate and monitor forced labour and child labour exposure in our operations and supply chains.

KEC's commitment to maintaining the highest standards of integrity and transparency is further reinforced by our planned regular risk-based assurance activities. These include a range of measures from external independent audits to internal supply chain-focused assurances, ensuring that we stay ahead of potential risks of modern slavery and continue to operate responsibly.

REPORT APPROVAL AND ATTESTATION

In accordance with the requirements of The Act, we attest that we have reviewed the annual report for KEC Kingsland Energy Corp. We attest to the truthfulness, accuracy, and completeness of the contents within, reflecting due diligence for the reporting financial year ending November 30, 2024.

Signed "Jeffrey Allison"
JEFFREY ALLISON
PRESIDENT & CEO

Signed "Jacelyn Case"
JACELYN CASE
CFO