



## MODERN SLAVERY REPORT 2023

### Lycos Energy Inc.

This Modern Slavery Report (the “**Report**”) has been prepared pursuant to Section 11 of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada) (the “**Act**”) for and on behalf of Lycos Energy Inc. (“**Lycos**” or the “**Company**”). This Report outlines the actions we have taken during the year ended December 31, 2023, to prevent and reduce the risk of forced labour or child labour occurring in our business. The use of the word “we”, “us” and “our” refers to Lycos.

### Introduction

Lycos is committed to operating its business responsibly, sustainably and in accordance with the Act. Forced labour and child labour, each as defined in the Act, are violations of human rights that we take seriously. Lycos does not tolerate forced labour or child labour. Lycos expects that its stakeholders share the Company’s commitment to responsible business practices, and requires that all staff agree to abide by the principles set out in its policies.

### Steps Taken During the Reporting Period

During 2023, Lycos took the following steps to prevent and reduce the risk of forced labour or child labour in our business and supply chains:

- Initiated educational efforts to increase awareness among our senior management about our human rights policies and procedures concerning forced labour or child labour.
- Initiated a review of existing internal policies and procedures against the requirements of the Act, particularly focusing on the prevention of forced labour or child labour in our supply chain.
- Conducted a high-level assessment of suppliers based on where the supplier is located or is likely to source materials from, country of origin and industry sector.

### Our Structure and Business

Lycos is an oil and gas company headquartered in Calgary, Alberta. The Company is engaged in the exploration and development of our heavy-oil properties located in Lloydminster, Saskatchewan and Lloydminster and Greater Lloydminster, Alberta and Gull Lake, Saskatchewan. The Company is incorporated under the *Business Corporations Act* (Alberta), and its common shares are listed on the TSX Venture Exchange under the trading symbol “LCX”. As of December 31, 2023, the Company had no subsidiaries and approximately 32 employees and approximately 67 consultants and contractors in the Provinces of Alberta and Saskatchewan. Lycos strives to create a diverse, inclusive, and respectful culture across its business operations and projects.

## Our Supply Chains

Lycos' supply chain includes businesses that supply goods and services to our organization, primarily encompassing various vendors, suppliers, contractors and subcontractors involved in the procurement of goods and services necessary for our operations in exploration, development and operating activities. In total, we procure goods and services from approximately 529 suppliers. The suppliers we engage include businesses that are primarily local and adhere to regulations in Canada for oil and gas production, which are among the highest standards in the world. We strive to build relationships with our suppliers who align with our values.

## Our Policies and Due Diligence Processes

Lycos communicates its values and expectations to its directors, officers, employees and service providers through our governance policies. The Company does not tolerate any forms of forced labour or child labour and is committed to consistently evolving and improving our approach. Our relevant policies are discussed in further detail below.

### *Code of Business Conduct and Ethics*

The Company's Code of Business Conduct and Ethics lays the foundation for its directors, officers, employees, consultants and contractors and sets out guiding principles on professional conduct as well as human rights, legal compliance, respect in the workplace and other governance concerns. Our Code of Business Conduct and Ethics was recently amended to specifically address concerns regarding forced labour and child labour.

### *Whistleblower Policy*

The Company's Whistleblower Policy provides directors, officers, employees, consultants and contractors with a process for disclosing complaints or concerns regarding wrongdoing on an anonymous basis, including concerns regarding forced labour or child labour. The Whistleblower Policy forbids retaliation for the act of good faith whistleblowing regardless of the determination of any follow-up investigation. Lycos encourages directors, officers, employees, consultants and contractors to raise concerns within the Company rather than overlooking them or seeking resolution externally. The Whistleblower Policy may be accessed on the Company's website at [www.lycosenergy.com](http://www.lycosenergy.com).

## Risks of Forced Labour and Child Labour in our Business and Supply Chains

Lycos engages in various activities to identify, assess, and manage its risk of forced labour and child labour. We engage with a wide range of suppliers, sourcing materials and services locally and globally. Our service providers who support our business include manufacturers and distributors of oilfield goods and services, engineering and construction, drilling services, operational and technical services, facilities management, communications, emergency response, information technology and professional services such as legal, financial and audit services.

The potential risk of forced labour and child labour affecting our supply chains were assessed based on the following key criteria:

- **Country of location:** modern slavery has a higher prevalence in certain jurisdictions or locations.
- **Product/Commodity:** some products or commodities are deemed higher risk in respect of the potential for forced labour or child labour.

- **Industry sector:** certain industries present a higher risk of modern slavery compared to others.

Lycos reviewed its vendor list to identify low and high-risk vendors. The Company's risk of forced labour and/or child labour increases when we engage with third parties for supplies sourced globally, particularly in purchasing materials such as steel pipe. We have reviewed our supply chain and believe the overall risk of modern slavery is low based on the following factors: the locations of the suppliers; the materials being supplied in the oil and gas sector; and the commodities produced are not considered to be high risk within the jurisdictions for which we operate our business.

The Company's employees and service providers work in Canada, which has low prevalence of forced labour and child labour and a low risk of vulnerability to forced labour and child labour. Lycos ensures compliance with Canadian working conditions, wages and benefits, including those relating to employment, labour and occupational health and safety.

### **Measures Taken to Remediate Forced or Child Labour**

Our Code of Business Conduct and Ethics and our Whistleblower Policy offer a reporting mechanism for directors, officers, employees, consultants and contractors to report ethical or legal violations, among other concerns.

To date, Lycos has not identified any cases of forced labour or child labour in its operations or supply chain, therefore no remediation measures have been required. If a situation of non-compliance or high risk is identified, the Company will work to develop and implement a corrective plan to try to improve and remedy the situation. Lycos is committed to working with service providers to resolve any issues that do arise through engagement, education and training.

Lycos recognized that efforts to prevent and reduce the risks of modern slavery can have the unintended consequence of contributing to a loss of income for the most vulnerable families. Remediation is a key step in this process and Lycos will endeavour to clearly outline the expectations for addressing remediation for individuals identified as victims of modern slavery in future reporting periods.

### **Employee Training**

All new and current employees of Lycos, are expected to read, understand and comply with the principles and requirements set out in the Company's Code of Business Conduct and Ethics and the Whistleblower Policy. The Company requires its employees to annually acknowledge receipt and review of its applicable policies, including the Code of Business Conduct and Ethics and the Whistleblower Policy.

### **Measuring Our Effectiveness**

Lycos is committed to assessing and mitigating the risks of forced labour and child labour in our supply chain. While we made progress with our efforts in 2023, we remain committed to continuous improvement. Activities we have taken to ensure that forced labour and child labour is not being used in our supply chain include investigating all complaints or grievances received pursuant to the Whistleblower Policy, setting up regular review of the Company's governance policies and procedures, reporting mechanisms described herein and evaluating our supply chain processes and suppliers on an ongoing basis.

## Approval

The Report was approved pursuant to subparagraph 11(4)(a) of the Act by the Board of Directors of Lycos effect May 22, 2024.

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. In my capacity as a Director of Lycos, and not in my personal capacity, I make this attestation in accordance with the requirements of the Act.

***I have the authority to bind Lycos Energy Inc.***

*(signed) "Dave Burton"*

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**Dave Burton**

President, Chief Executive Officer and  
Director

May 22, 2024

## Disclaimers

Certain information in this Report may constitute forward-looking information within the meaning of applicable securities legislation. Specific forward-looking information in this Report includes, without limitation, statements relating 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; supply channels; and other such matters. Forward-looking information may also include information regarding our respective future plans or objectives or other information that is not comprised of historical fact and includes statements that contain words such as "could", "should", "anticipate", "expect", "believe", "plan", "propose", "estimate", "intend", "project", "will", "may", "forecast", "outlook" and similar expressions suggesting future outcomes or events. Any such forward-looking information is based on information currently available to us and is based on assumptions we believe are appropriate in the circumstances.

However, such forward-looking information involves significant risks and uncertainties. A number of factors could cause actual results to differ materially from those discussed in the forward-looking information. These risks include but are not limited to: 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; political uncertainty and wars; the existence of operating risks; volatility of oil and natural gas prices; oil and gas product supply and demand; stock market volatility; and other factors, many of which are beyond our control.

These risks and others are more fully discussed in our most recent management's discussion and analysis and annual information form which are available on our SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca). We caution readers not to place undue reliance on any such forward-looking information. Such information is current only as of the date on which it was made. Unless otherwise required by applicable securities laws, we do not intend, nor do we undertake any obligation, to update or revise any forward-looking information contained in this Report.