



**Capital Management Inc.**

## **2025 FORCED LABOUR AND CHILD LABOUR REPORT**

## INTRODUCTION

This Forced Labour and Child Labour Report (this “**Report**”) for the financial year ending December 31, 2025 is made pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (Canada), also known as the Modern Slavery Act (the “**Act**”).

Lex Capital Management Inc. (“**LCMI**”) is a private equity firm founded in 2009 and located in Regina, Saskatchewan, Canada. LCMI manages the following three investment funds, which consists of eight limited partnerships:

- (i) Lex Energy Partners LP III (and together with Lex Energy Partners LP III (U.S.), the “**LEP III Partnerships**”);
- (ii) Lex Energy Partners LP IV (and together with Lex Energy Partners LP IV (CA LP II) and Lex Energy Partners LP IV (U.S.), the “**LEP IV Partnerships**”); and
- (iii) Lex Energy Partners LP V (and together with Lex Energy Partners LP V (CA LP II) and Lex Energy Partners LP V (U.S.), the “**LEP V Partnerships**”);

(collectively the “**Funds**”).

This Report is a joint report which applies to LCMI, the Funds, and LCMI’s Subsidiaries as set forth in the Appendix (collectively “**Lex Capital**”, “**we**”, “**us**”, or “**our**”). Please refer to the Appendix for capitalized terms not defined hereinafter.

Except as otherwise provided in this Report, LCMI’s policies, procedures, and practices (including, but not limited to, those relating to investment decision-making, contracting, purchasing, and human resources) apply to each entity within Lex Capital.

In satisfaction of the Act’s reporting requirements, this Report describes the reasonable steps taken by Lex Capital to identify and address the risk of forced labour and child labour in its operations and supply chains.

**Note on Investees:** Lex Capital does not have direct or indirect control over the majority of its investees. The investee that Lex Capital does control did not meet the size-related thresholds to be considered an “entity” pursuant to the Act during the previous financial year. Accordingly, this Report does not provide information on investees.

## RESPECT FOR HUMAN RIGHTS

Lex Capital supports the objectives of the Act and opposes the use of all forms of forced labour and child labour. Lex Capital is committed to preventing, detecting, and addressing risks of forced labour and child labour in its operations and supply chains.

For the reasons described in this Report, we are of the view that the risk is low that our operations have caused or contributed to adverse human rights impacts.

## STRUCTURE, OPERATIONS, AND SUPPLY CHAINS

### Structure

LCMI is a private equity firm and a corporation incorporated pursuant to *The Business Corporations Act, 2021* (Saskatchewan). Lex Capital consists of LCMI, LCMI's Subsidiaries (corporations, limited partnerships, and unlimited liability companies), and the Funds (limited partnerships). LCMI either directly or indirectly controls LCMI's Subsidiaries, and LCMI's Subsidiaries typically act as the general partner of each of the Funds, with the exception of the following:

- LEP III Inc. (the general partner of LEP III GP, which is the general partner of the LEP III Partnerships);
- LEP IV ULC (the carried interest limited partner of the LEP IV Partnerships);
- LCMI-LEP IV (a majority shareholder of LEP IV ULC);
- LEP V ULC (the carried interest limited partner of the LEP V Partnerships); and
- LCMI-LEP V (a majority shareholder of LEP V ULC).

### Operations

LCMI's sole business is to manage and oversee the Funds, which focus on investments in private and public oil and gas exploration and production companies operating in western Canada that are seeking seed, growth, and/or acquisition capital.

#### i. Our Team

Lex Capital works with highly skilled and experienced advisors who provide leadership and guidance to our investees. We take pride in creating opportunities that generate exceptional returns for our investors.

With diverse and complementary backgrounds consisting of operational, entrepreneurial, and financial expertise, our team prides itself on diligent and efficient evaluations and active management of our investment portfolios. In our previous financial year, our team consisted of seven individuals. Please see <https://lexcapital.ca/team.html> for more information on our team.

#### ii. Our Investments

Lex Capital's Funds are summarized as follows:

- **The LEP III Partnerships:** the partnerships were capitalized with \$142.5 million in 2015, are fully invested, and actively harvesting investments.
- **The LEP IV Partnerships:** the partnerships were originally capitalized with \$156.2 million in 2018/2019, are fully invested, and actively harvesting its remaining investment. In 2022, a special resolution was passed by the limited partners to reduce the unfunded committed capital to nil, effectively reducing capital commitments from \$156.2 million to \$69.1 million.

- **The LEP V Partnerships:** the partnerships were capitalized with \$200.0 million in 2022, are fully invested, and actively harvesting investments.

The Funds’ capital is raised in either Canada and/or the United States.

**Supply Chains**

Lex Capital’s supply chains primarily consist of professional services and other business supplies. All suppliers are located in Canada, with the exception of three which are located in the United States.

These supply chains are summarized as follows:

<b>Professional Services, Insurance, and Banking</b>	<b>Federal/Provincial Regulatory Agencies and Associations</b>	<b>Miscellaneous Suppliers</b>
<ul style="list-style-type: none"> <li>• Law firms</li> <li>• Accounting firms</li> <li>• Information technology (IT) firms and consultants</li> <li>• Banks or credit unions</li> <li>• Insurance providers</li> </ul>	<ul style="list-style-type: none"> <li>• Canadian Securities Administrators, including the Financial and Consumer Affairs Authority of Saskatchewan</li> <li>• United States Securities and Exchange Commission/Financial Industry Regulatory Authority</li> <li>• Professional associations</li> </ul>	<ul style="list-style-type: none"> <li>• Computers, printers, and other electronics</li> <li>• Printing and office supplies</li> <li>• Investor portal service providers</li> <li>• Courier services</li> <li>• IT and compliance training and support services</li> <li>• Oil and gas mapping software providers</li> </ul>

**RISKS OF FORCED LABOUR OR CHILD LABOUR IN OPERATIONS AND SUPPLY CHAINS**

**Operations**

**i. Our Team**

All of our employees are directly employed with LCMI, and we are committed to a work environment in which all persons are treated with dignity and respect (see discussion below on our Code of Ethics). We are also committed to complying with all applicable laws and regulations, including human rights and labour laws. Accordingly, we have assessed the risk of forced labour or child labour within our internal operations to be low.

## ii. Our Investments

All of our investees are located in Canada, and capital is raised in either Canada and/or the United States. Given that Canada and the United States are both jurisdictions with comprehensive human rights and labour laws, we have assessed the risk of forced labour or child labour within our investments to be low.

### Supply Chains

All of our suppliers, are located in either Canada and/or the United States, and Lex Capital did not purchase and/or import any goods outside of these jurisdictions during its previous financial year. Given that Canada and the United States are both jurisdictions with comprehensive human rights and labour laws, we have assessed the risk of forced labour or child labour within our supply chains to be low.

## FORCED LABOUR AND CHILD LABOUR PREVENTION AND REDUCTION MEASURES

### Policies

We have adopted and implemented the following policies and procedures to identify and address the risk of forced labour and child labour in our operations and supply chains:

- **LCMI’s Code of Ethics and Business Conduct (“Code of Ethics”):** a statement of our commitment to integrity and high ethical standards in all that we do at Lex Capital. Our Code of Ethics defines the standards of conduct that we expect from LCMI’s directors, officers, and employees (collectively referred to as “Professionals”). Among other requirements, our Code of Ethics requires our Professionals to treat others with dignity and respect, act in the best interests of the public, and follow the spirit and intent of applicable laws, including those relating to forced labour and child labour.
- **Environmental, Social, and Governance (“ESG”) Policy:** this policy provides guidance to the Professionals of Lex Capital on the importance of ESG factors including the assessment and evaluation of such factors with respect to investees. The policies and standards relating to ESG are maintained at the investee level and where applicable the Professionals of Lex Capital will use their influence to encourage investees to consider and promote ESG-related factors when conducting their activities.
- **Modern Slavery Policy:** outlines the importance of forced labour and child labour considerations to both Lex Capital and its investees. To the extent that Lex Capital may influence investees through contractual relations, board representation, or otherwise, it will use such influence to encourage the investees to consider and implement processes that mitigate the risk of forced labour and child labour practices being used in operations and supply chains.
- **Whistleblower Policy:** encourages the reporting of any activity, policy, or practice of Lex Capital that its Professionals reasonably believe violate applicable laws, including laws relating to forced labour and child labour. We respect the rights of individuals who defend human rights, and Lex Capital is prohibited from taking any retaliatory action against individuals who raise concerns regarding Lex Capital or its investees. To date, there have been no concerns raised through our whistleblower policy regarding forced labour or child labour.

## **Due Diligence**

We are not currently aware of any forced labour or child labour practices occurring within our operations or supply chains and we believe that our operations and supply chains present a low risk of forced labour or child labour being utilized. Accordingly, aside from the aforementioned policies and procedures, we did not take any additional steps to conduct due diligence relating to forced labour or child labour during our previous financial year.

We are continuing to evaluate our existing policies and procedures to identify areas of improvement, and we may consider taking additional steps to conduct due diligence in the future.

## **FORCED LABOUR AND CHILD LABOUR REMEDIATION MEASURES**

We are not currently aware of any forced labour or child labour practices occurring within our operations or supply chains and we believe that our operations and supply chains present a low risk of forced labour or child labour being utilized. Accordingly, we have not undertaken any measures to remediate any forced labour or child labour to date.

## **LOSS OF INCOME REMEDIATION MEASURES**

We are not currently aware of any forced labour or child labour practices occurring within our operations or supply chains and we believe that our operations and supply chains present a low risk of forced labour or child labour being utilized. Accordingly, we have not undertaken any measures to remediate any loss of income relating to any forced labour or child labour to date.

## **TRAINING**

We do not currently provide formal training to our employees on forced labour or child labour. However, our Professionals have alerted themselves to the requirements of the Act and the need to contribute to Canada's fight against forced labour and child labour. In addition, the Professionals are required to sign an annual acknowledgement that they have read the LCMI policies and procedures manual, including the modern slavery policy, and agree to abide by it.

## **ASSESSING EFFECTIVENESS**

We are continuing to assess the effectiveness of our activities to identify areas of improvement in our efforts to minimize the risk of forced labour and child labour being used in our operations and supply chains. We will continue to assess the effectiveness of our actions by working with our Professionals, investees, suppliers, and other industry stakeholders.

## APPROVAL AND ATTESTATION

This Report has been approved by the Board of Directors of LCMI in accordance with subparagraph 11(4)(b)(ii) of the Act.

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 entities listed above. 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.

### LEX CAPITAL MANAGEMENT INC.

Per:



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Name: Curtis Armstrong

Title: Managing Partner & CFO

Date: May 14, 2026

I have the authority to bind LCMI.

## APPENDIX

### Lex Capital Management Inc. - Organizational Structure

<u>Entity</u>	<u>Abbreviation</u>
1. Lex Capital Management Inc.	LCMI
2. Lex Energy Partners III Inc.	LEP III Inc.
3. LEP III Management LP	LEP III GP
4. Lex Energy Partners LP III	LEP LP III
5. Lex Energy Partners LP III (U.S.)	LEP LP III (U.S.)
6. Lex Energy Partners IV Inc.	LEP IV GP
7. Lex Energy Partners LP IV	LEP LP IV
8. Lex Energy Partners LP IV (CA LP II)	LEP LP IV (CA LP II)
9. Lex Energy Partners LP IV (U.S.)	LEP LP IV (U.S.)
10. LEP IV Investments ULC	LEP IV ULC
11. LCMI-LEP IV Investments Inc.	LCMI-LEP IV
12. Lex Energy Partners V Inc.	LEP V GP
13. Lex Energy Partners LP V	LEP LP V
14. Lex Energy Partners LP V (CA LP II)	LEP LP V (CA LP II)
15. Lex Energy Partners LP V (U.S.)	LEP LP V (U.S.)
16. LEP V Investments ULC	LEP V ULC
17. LCMI-LEP V Investments Inc.	LCMI-LEP V

LEP III Inc., LEP III GP, LEP IV GP, LEP IV ULC, LCMI-LEP IV, LEP V GP, LEP V ULC, and LCMI-LEP V (collectively "**LCMI's Subsidiaries**") are either directly or indirectly owned and controlled by LCMI.

LEP III GP is the general partner of LEP LP III and LEP LP III (U.S.) (collectively the "**LEP III Partnerships**"). LEP III GP has engaged LCMI to provide management and administrative services to the LEP III Partnerships. LCMI is a majority limited partner of LEP III GP.

LEP IV GP is the general partner of LEP LP IV, LEP LP IV (CA LP II), and LEP LP IV (U.S.) (collectively the "**LEP IV Partnerships**"). LEP IV GP has engaged LCMI to provide management and administrative services to the LEP IV Partnerships. LEP IV GP is a wholly owned subsidiary of LCMI.

LEP IV ULC is the carried interest limited partner in the LEP IV Partnerships. LCMI-LEP IV is a majority shareholder of LEP IV ULC, and LCMI is a majority shareholder of LCMI-LEP IV.

LEP V GP is the general partner of LEP LP V, LEP LP V (CA LP II), and LEP LP V (U.S.) (collectively the "**LEP V Partnerships**"). LEP V GP has engaged LCMI to provide management and administrative services to the LEP V Partnerships. LEP V GP is a wholly owned subsidiary of LCMI.

LEP V ULC is the carried interest limited partner in the LEP V Partnerships. LCMI-LEP V is a majority shareholder of LEP V ULC, and LCMI is a majority shareholder of LCMI-LEP V.