

PetroTal Corp. Forced Labour and Child Labour Report

1. Introduction

This report (the “Report”) constitutes PetroTal Corp. (the “Corporation”), and its subsidiaries PetroTal USA Corp., PetroTal Peru S.R.L. and Petrolifera Petroleum del Peru S.R.L.’s (together, “PetroTal”, the “Company”, “we” or “our”) response to the reporting requirements under Canada’s Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”). It covers the Company’s activities during January 1, 2023, to December 31, 2023 (the “Reporting Period”). The Report outlines the steps PetroTal Corp. has taken during the Reporting Period to prevent and reduce the risk that forced labour or child labour is being used in our business and supply chains.

2. Steps Taken in the Previous Financial Year to Prevent and Reduce Risks of Forced Labour and Child Labour

PetroTal Corp., PetroTal USA Corp., PetroTal Peru S.R.L and Petrolifera Petroleum del Peru S.R.L are committed to respecting human rights, acknowledging the potential impact that our activities and supply chains may have on the economic status and fundamental rights of our people. In line with the Universal Declaration of Human Rights by the United Nations, we prioritize the dignity and rights of all individuals in our value chain of our operations. The Company promotes the elimination of child labour, forced labour, illegal discrimination, harassment, human trafficking, and other forms of modern slavery. The Company’s employees, contractors, subcontractors, suppliers, vendors, and those with whom the Company conducts business must not engage in any practice that constitutes a violation of human rights. We train our suppliers and contractors in human rights and share our commitment to human rights within our organization and to our external stakeholders. The Company’s contracts with third parties contain human rights clauses based on the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact, and the International Labor Organization (ILO) Declaration on International Labor Principles. The clauses require contractors to comply with applicable modern anti-slavery laws and to report to the Company actions or conduct involving acts of slavery. In addition, the Company has an evaluation matrix on Human Rights and Voluntary Principles for security contractors that requires them to have a training plan against the use of force according to national standards.

During the Reporting Period, we carried out the following:

- PetroTal Corp. and its subsidiaries have a Code of Business Conduct and Ethics that prohibits conflicts of interest and encourages reporting of violations, with protections against retribution.
- In Peru, the Procedure for Hiring Local Labor explicitly rejects child labor in all its forms and requires contractors and subcontractors to adhere to this practice.
- In Peru, the Procedure for Procurement of Products and Contracting of Local Services prohibits purchasing or providing services under any form of slavery, abuse of power, or human trafficking.
- In Peru, the Integrated Management System (IMS) includes a grievance mechanism that addresses complaints and grievances procedure related to human rights, gender equality, cross-cultural, and environmental issues, with processes designed to conclude within 30 working days. In Peru, the Integrated Management System (IMS) includes a grievance mechanism that addresses complaints and grievances procedure presented by different local interest groups, which are related to the direct or indirect social, environmental, and operational impacts of PetroTal activities, with processes designed to conclude within 30 working days.
- PetroTal Corp. and its subsidiaries have a Whistleblowing Policy, part of the IMS, that allows for confidential reporting of any illegal, unethical, or improper activities, through an independent third-party reporting system, ensuring anonymity and prohibiting retaliation against complainants, overseen by the Corporate Secretary and the Audit Committee, which maintains detailed logs of all reports and their resolutions.

- In Peru, the Human Rights Management Plan and Human Rights Policy mandate due diligence on human rights and require zero-tolerance of human rights violations by employees, contractors, and strategic partners.
- The Human Right Clauses in Third Party Contracts in Peru require adherence to anti-slavery legislation and reporting of any slavery-related acts and include clauses for the protection and advancement of human rights.

Outside the reporting period, PetroTal Corp., and its subsidiaries:

- Began the process of mapping its supply chain to understand the characteristics of a subset of its Tier 1 suppliers for each entity.

PetroTal Corp. and its subsidiaries acknowledge the ongoing nature of its efforts to address forced labour and child labour risks and is committed to enhancing its understanding and management of these risks in its supply chains and operations. In future Reporting Periods, we will:

- Aim to standardize our policies across all subsidiaries, ensuring consistent understanding and implementation by providing these policies in English and Spanish to reinforce our stance against child labour and forced labour.
- Embed the prevention of forced labour and child labour into our governance structure, capitalizing on active community engagement, compliance with social risk laws, and adherence to ethical conduct.
- Conduct an inherent risk assessment to pinpoint areas at risk for forced labour and child labour within the company's business and supply chains, with the goal of incorporating a human rights risk assessment into the PetroTal Risk Management System by 2025.
- Evaluate and develop training programs specifically targeting forced labour and child labour issues for its procurement teams.
- Map our operational activities and continue to analyze our tier 1 suppliers to better understand and address the risks of forced labour and child labour associated with them.

3. Our Structure, Activities and Supply Chains

3.1 Structure

On December 18, 2017, the Company Completed a plan of arrangement (the Reverse Takeover “RTO”) with Sterling Resources Ltd. pursuant to which Sterling acquired all of the shares of “old” PetroTal and once amalgamated, continued as one operation under the name of Sterling Resources Ltd. The name of the Company was changed in June 2018 to PetroTal Corp. In 2018, the Company amended its articles for AIM compliance, and began trading on the Alternative Investment Market (AIM) with the symbol "PTAL". Headquartered in Houston, Texas, with a registered office in Calgary, Alberta, PetroTal Corp. is a reporting entity in multiple Canadian provinces and since February 16, 2023, trades on the Toronto Stock Exchange (TSX) as "TAL", and continued on OTCQX as "PTALF", and on AIM as "PTAL". Here is a description of the organizational framework for our holding company and its subsidiaries:

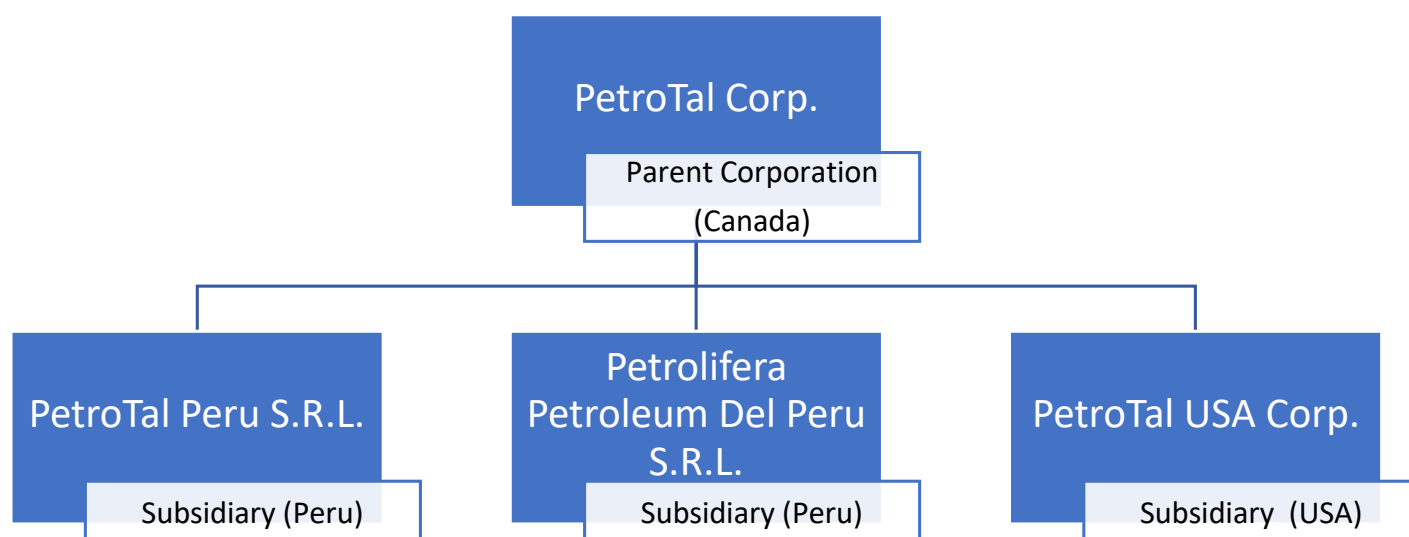


Figure 1 Structure of PetroTal Corp. reporting entities

Governance

The company adheres to Canadian corporate governance standards suitable for a listed company, with a code of conduct and a Board mandate in place. The Board of Directors is responsible for overseeing the company's day to day operations, focusing on long-term shareholder value, strategic planning, regulatory compliance, safe operations, and management oversight. The Board is supported by specialized committees, including Audit, Corporate Governance and Compensation, Reserves, and Health, Safety, Environment, and Corporate Social Responsibility.

The Board is responsible for the continuous review and enforcement of health, safety, and environmental policies, as well as evaluating the company's social impact, with all outcomes reported to the Board of Directors. The Human Resources and Occupational Health and Safety departments manage employee-related issues, while the Environmental Management and Permits Department, along with the Sustainability Department, oversee human rights across all areas. The PetroTal leadership team, which includes various departments, works in unison on significant issues, providing regular reports to the CEO and the Board, including weekly and quarterly updates on social responsibility and sustainability matters. In the future, we plan to formally integrate the prevention of forced labour and child labour into our governance structure, leveraging our proactive community involvement, compliance with social risk legislation, and commitment to ethical conduct.

Membership Associations

We are linked with business associations including the Peruvian Society of Hydrocarbons, the SNMPE, the American Chamber of Commerce of Peru, the Canadian Chamber of Commerce, the Chamber of Commerce, Industry and Tourism of Loreto and the Chamber of Commerce of the Indigenous Peoples of Peru. We participate in these associations through the Sustainability Committee, Human Rights Committee, and Communications Committee, among others.

3.2 Activities

Since incorporation, the Company has engaged in acquiring rights and exploring, developing, and producing crude oil and natural gas. Initially concentrating on onshore projects in Canada and the U.S., the company expanded its operations internationally in 1997. Following a management change in December 2017, the Company shifted its focus to executing a development and exploration strategy for its business operations in Peru.

PetroTal Corp.

PetroTal Corp. operating solely as a holding entity with 100% ownership of its subsidiaries, does not engage in the production, distribution, or importation of goods, nor is it involved in direct operational activities. The holding entity helps in the marketing and selling of crude oil. It maintains a workforce of just one employee. PetroTal Corp. controls and manages PetroTal USA Corp., PetroTal Peru S.R.L., and Petrolifera Petroleum del Peru S.R.L.

PetroTal USA Corp.

PetroTal USA Corp., a subsidiary fully owned by PetroTal Corp., incorporated in the United States, serves as the company headquarters. It primarily focuses on executive and senior management support for operations in Peru and the exploration of new business opportunities. Despite its strategic role, PetroTal USA Corp. does not conduct any oil and gas field operations within the USA, nor does it engage in the production, sale, distribution, or importation of goods. The company remains uninvolved in direct operational or commercial activities in the USA and sustains a workforce of 13 employees.

PetroTal Peru S.R.L.

PetroTal Peru S.R.L., is a wholly owned subsidiary of PetroTal Corp. and is incorporated in Peru. It is the largest onshore crude oil producer in the country as of early 2022. It focuses on the Bretana field in Block 95, which is its only producing asset, supported by a robust supply chain. As of December 31, 2023, PetroTal Peru employs 148 people and has increased its oil production from zero to approximately 20,000 barrels of oil per day (BOPD) in six years. The company's strategy emphasizes value creation through the development and exploration of oil assets, with a strong commitment to environmental and social responsibility principles guiding its business decisions.

Petrolifera Petroleum del Peru S.R.L.

Petrolifera Petroleum del Peru S.R.L., incorporated in Peru and fully owned by PetroTal Corp., is engaged in the exploration of prospects and leads within Block 107 in Peru. At present, the block is inactive, generating no revenue, and maintains a workforce of zero employees, rendering the company dormant and purely exploratory for the time being.

3.3. Supply Chains

Our holding company and its subsidiaries have started the process of mapping our supply chain. Below, we describe some characteristics of a subset of our Tier 1 suppliers for each entity. We are committed to enhancing our understanding of our supply chain in future reporting periods.

PetroTal Corp.

PetroTal Corp, listed on the Toronto Stock Exchange, specializes in the oil and gas development sector in Peru. The company maintains a streamlined supply chain for its operations, with more than 60% of their suppliers belonging to the Research & Consulting Services sub-industry (11). The company holds no involvement in the production, marketing, distribution, or importation of goods and remains unengaged with operational or commercial activities in the Canadian oil and gas markets. As a holding entity, PetroTal Corp owns and manages three subsidiaries: PetroTal USA Corp., PetroTal Peru S.R.L., and Petrolifera Petroleum del Peru S.R.L., ensuring a focused and efficient approach to its business endeavors in the Peruvian oil and gas industry.

PetroTal USA Corp.

PetroTal USA Corp., a wholly owned subsidiary of PetroTal Corp. and incorporated in the United States, serves as the company's headquarters, focusing on executive and senior management support for operations in Peru and exploring new business opportunities. Although it plays a strategic role, PetroTal USA Corp. does not engage in any oil and gas field operations within the USA, nor does it handle the production, sale, distribution, or importation of goods, remaining detached from direct operational or commercial activities in the USA. The headquarters relies on suppliers in the Research & Consulting Services (6), Human Resources & Employment

Services (2), IT Consulting & Other Services (2), and Consumer Finance (1) sub-industries accounting for over 80% of its procurement for efficient administration and oversight.

PetroTal Peru S.R.L.

PetroTal Peru S.R.L., the largest onshore crude oil producer in Peru and a subsidiary of PetroTal Corp., maintains a strategic supply chain concentrated on the Bretana field in Block 95. The supply chain is supported by local Tier 1 suppliers, with the top five spanning various subindustries. These include Air Freight & Logistics (6), Diversified Support Services (6), Construction & Engineering (5), Oil & Gas Equipment & Services (4), and Environmental & Facilities Services (1). This localized and specialized supply chain is vital to PetroTal Peru S.R.L.'s sustained production and operational efficiency.

Petrolifera Petroleum del Peru S.R.L.

Petrolifera Petroleum del Peru S.R.L., a subsidiary of PetroTal Corp. based in Peru, specializes in the exploration of potential oil and gas sites within Block 107 in Peru. Currently, the block is not in production, which means there is no active supply chain management or engagement with vendors, as the company's operations are solely focused on exploration activities and have not yet transitioned into extraction or distribution phases.

4. Policies and Due Diligence Processes in Relation to Forced Labour and Child Labour

As PetroTal Corp, PetroTal USA Corp., PetroTal Peru S.R.L. and Petrolifera Petroleum del Peru S.R.L. PetroTal, are dedicated to operating with integrity, adhering to all relevant laws, regulations, and internal guidelines, including international standards specific to our industry. Our compliance framework is integrated across the organization, with each department upholding the principles outlined in our corporate and local policies, as well as those specific to their functions as detailed in the manuals and procedures of PetroTal's Integrated Management System (IMS). A key objective for our company is to conduct business responsibly and ethically, ensuring safe and stimulating work environments for our employees and contractors. We recognize the importance of familiarizing all personnel with our general business conduct policies to fulfill our strategic mission.

In line with our commitment to ethical business practices, we have established comprehensive policies and manuals to guide our employees and management. These include the Code of Business Conduct and Ethics, the Community Relations Plan (PRC), the Integrated Management System (IMS), and Human Rights management practices and procedures. These documents and practices form the backbone of our internal compliance program and reflect our longstanding commitment to upholding the highest legal and ethical standards. Looking ahead, we plan to standardize these policies across all relevant subsidiaries and make them available in both English and Spanish, with the aim of reinforcing our stance against child labour and forced labour and ensuring these principles are uniformly understood and implemented throughout our operations.

4.1 Code of Business Conduct and Ethics

PetroTal Corp. and its subsidiaries uphold a Code of Conduct that outlines the expected standards of ethical behavior, legal compliance, and professional responsibility from all personnel, including directors, officers, employees, consultants, and contractors. The Code promotes respect, communication, safety, and integrity, and is enforced by the Board of Directors to ensure fair dealings and environmental responsibility. Managers are responsible for disclosing violations to the Chief Financial Officer and seeking advice when needed. It requires informed judgment, mandates compliance with laws, and prohibits conflicts of interest while encouraging the reporting of violations without fear of retribution. Non-compliance can lead to disciplinary action, including termination. Annual certification of adherence to the Code is mandatory for continued employment as well as upon hiring, emphasizing the company's dedication to ethical practices and social responsibility.

4.2 The Community Relations Plan (PRC)

In Peru, PetroTal Corp.'s Community Relations Plan (PRC) is an integral part of the Environmental Management Strategy (EMA), designed to guide environmental management throughout different project phases. The PRC outlines specific actions for supervision, communication, and engagement with local communities, focusing on employment and development opportunities. It includes a Code of Conduct for operating facilities, emphasizing social management and sustainability, as well as procedures for hiring local labor and procuring local products and services, with strict prohibitions against child and forced labor. The PRC's implementation is mandatory during construction, operation, maintenance, and abandonment stages of a project.

Procedure for Hiring Local Labor

PetroTal Perú S.R.L. is implementing and continuously improving a procedure that sets the framework for hiring local labor within the areas impacted by its projects, in line with the company's Social Management and Sustainability policies and commitments outlined in the Environmental Impact Studies. These hiring practices are also in agreement with discussions from roundtables with local communities and are aligned with the United Nations Sustainable Development Goals. The procedure explicitly addresses child labour, stating:

"PetroTal promotes and protects the rights of children and adolescents in the localities and communities of its areas of influence. In this regard, PetroTal rejects Child Labour in all its forms and urges its contractors and subcontractors to adhere to this practice." (Translated from Spanish)

Procedure for Procurement of Products and Contracting of Local Services

PetroTal Perú S.R.L. is implementing and continuously improving a procedure for the procurement of local products and services to support the communities within the areas affected by its projects. This procedure applies to all PetroTal's operations in Peru and asks strict adherence during the acquisition of local goods and services for both exploratory and developmental activities. Designed by the Social Management and Sustainability team, the procedure aims to meet the expectations of the local population and adhere to the policy of good practices in engaging with the communities located in the regions where PetroTal operates. The procedure explicitly addresses forced labour, stating:

"It is prohibited to purchase or provide services under any form of slavery or abuse of power or human trafficking." (Translated from Spanish)

4.3 Integrated Management System (IMS)

At PetroTal Corp. and our subsidiaries, we have established an integrated management system (IMS) that emphasizes responsible business practices across our value chain. This system is articulated through a comprehensive set of policies, procedures, manuals, and guidelines, all of which are available for public review on both of our websites PetroTal Energy (petrotalcorp.com) and PetroTal (petrotal.pe). Central to the system are policies on compensation, local value creation, and operational conduct. IMS also incorporates a multifaceted approach to addressing complaints and grievances, considering human rights, gender equality, cross-cultural, and environmental issues. Stakeholder engagement is encouraged via open dialogue and transparent communication, with complaint resolution processes evaluated in meetings and designed to conclude within 30 working days. Additionally, as part of IMS, our Whistleblowing Policy ensures confidentiality through an independent service provider, enhancing the company's dedication to ethical conduct, financial integrity, and adherence to legal standards, see below for more details:

Whistleblowing Policy

We at PetroTal Corp and our subsidiaries have established a whistleblowing policy, in line with regulatory authorities' investor confidence rules in the United States and Canada. It establishes procedures to address the receipt, retention, and treatment of complaints received by the corporation regarding matters related to

fraud, accounting, internal accounting controls, auditing, violations of the corporation's Code of Business Conduct and Ethics, or any other activity that is illegal, unethical, contrary to the company's policies, or otherwise improper or inappropriate. This policy allows employees and other interested parties to report without fear of retribution. To facilitate anonymous reporting, confidentiality, and prohibition of retaliation, we have partnered with a third-party reporting system provided by Cornerstone Governance Corporation at the following:

- Website address <https://reporting.cornerstonegovernance.com/#/> - Login ID: ptal18PE

We have implemented a system for maintaining Logs of all complaints and concerns, which are supervised by the Corporate Secretary under the direction of the Chair of the Audit Committee. Each submission is documented with details of the allegations, actions taken, and the status, whether pending or closed, with a final statement on the resolution of closed cases. The Audit Committee retains full access to these Logs and all related reports, ensuring oversight while preserving the anonymity of the complainants.

4.4 Human Rights Management Plan

At PetroTal Corp. and our subsidiaries we respect for human rights, based on their recognition as universal, indivisible, and interdependent, is approached in a transversal manner and as a pillar of our management, which implies recognizing how our employees and neighbors related to a project may be affected throughout the value chain.

Human Rights Policy

As part of our Safety, Health, Environmental Management, Social Management, Sustainability and Human Rights Policy, which is currently available in Spanish on our PetroTal (petrotal.pe) website, this policy must be followed by all personnel and contractors engaged in our Peruvian operations. The policy outlines our commitment to respecting the human rights of everyone affected by our activities, including employees, partners, contractors, communities, local populations, and customers. We are dedicated to conducting due diligence on human rights throughout all our activities, identifying and assessing potential impacts associated with the development of our operations at every stage and to implement appropriate measures for prevention or mitigation. We promote zero-tolerance of human rights violations by our employees, contractors, and strategic partners.

Human Right Clauses in Third Party Contracts

In our Peru Operations at PetroTal, the contracts we establish with third parties include specific human rights clauses. These are grounded in the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact, and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. These clauses mandate that contractors adhere to relevant modern anti-slavery legislation and report any actions or behaviors related to acts of slavery to the company. Likewise, our agreements with security service providers incorporate clauses dedicated to the protection and advancement of the Voluntary Principles on Security and Human Rights.

The policy and procedures previously mentioned are developed in accordance with international standards, including the United Nations Guiding Principles on Business and Human Rights, the OECD Due Diligence Guidance for Responsible Business Conduct, and the Human Rights Due Diligence Guidance. Furthermore, we utilize a Human Rights and Voluntary Principles evaluation matrix for our security contractors, which mandates that they implement a Training Plan encompassing instruction on the use of force in line with national standards. These practices are currently in effect within our Peruvian Operations. In our daily operations, we incorporate respect for human rights throughout the value chain, which is why we promote the elimination of forced labour, child labour, and discrimination. We present the Human Rights Policy to suppliers so that they are aligned with the company's actions. In upcoming reporting periods, we aim to standardize these practices across PetroTal Corp and its subsidiaries.

5. Forced Labour and Child Labour Risks

PetroTal Corp. and our subsidiaries have commenced the process of understanding our tier 1 supply chain. We intend to perform an inherent risk assessment to identify parts of our business and supply chains that may be vulnerable to forced labour and child labour. Our aim is to implement processes to manage these risks, integrating a human rights risk assessment approach into our PetroTal Risk Management System as part of our 2025 plan.

6. Measures Taken to Remediate Forced Labour or Child Labour

As of now, we have not identified any instances of forced labour or child labour in our activities or supply chains, and thus we have not taken any steps to remediate such occurrences.

PetroTal Corp. and PetroTal Peru S.R.L have an existing grievance mechanism, as described in section 4.2 for identifying adverse impacts. If any adverse impacts are identified in the future, we would consider appropriate means of remediation. In the event of non-compliance, the Corporation is committed to developing and implementing a corrective plan to improve and remedy the situation.

7. Remediating the Loss of Income to the Most Vulnerable Families

PetroTal Corp. and its subsidiaries recognize that efforts to prevent and reduce the risks of forced labour and child labour can unintentionally lead to a loss of income for the most vulnerable families. To date, PetroTal Corp. is not aware of any instances where its risk mitigation efforts of forced or child labour in its activities and supply chains may have resulted in income loss for vulnerable families.

8. Training Provided to Employees on Forced Labour and Child Labour

We currently do not provide specific training to employees, contractors or suppliers on the risks associated with forced labour and child labour. However, through PetroTal Peru S.R.L., we have developed video training materials on our Code of Business Conduct and Ethics, as well as our Human Rights Policy. These materials are presented in Spanish with English subtitles. The training emphasizes the importance of respecting human rights for all individuals, including employees, contractors, and the communities where PetroTal operates. It also outlines the grievance procedure for reporting any incidents or events. In addition, we have developed a workshop on security and human rights, focusing on the Voluntary Principles and their practical application.

At PetroTal Corp. and its subsidiaries, we recognize the need to enhance our staff's ability to recognize, comprehend and effectively manage the risks of forced labour and child labour within our operations and our supply chains. We anticipate that such training would be completed and implemented in future reporting periods.

9. Assessing Our Effectiveness

PetroTal Corp. and its subsidiaries are committed to developing a strategy for the prevention of forced labour and child labour, which will allow us to periodically evaluate the success of our initiatives. Our dedication is centered on progress, strengthening our capacity to detect and lessen the risks of forced labour and child labour within our operational activities and supply chains in future reporting cycles. Our intent is to reinforce the groundwork we have established through our policies and grievance mechanism and align our practices and goals with the Fighting Against Forced Labour and Child Labour Act.

10. Attestation Statement

This Report was Approved by the Chair of the Board of PetroTal Corp., pursuant to section 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 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.

I have the authority to bind PetroTal Corp

/s/ Camilo McAllister

Executive VP and Chief Financial Officer

May 29, 2024