

► MAKING ESG A PRIORITY AT WEST LAKE

2022 ESG PERFORMANCE UPDATE



CURRENT PRODUCTION PROFILE:
~16,000 boe/d



OUR PEOPLE:
65 Full & Part-time Employees



OPERATING AREAS:
Calgary, Provost,
Lloydminster & Brazeau



COMMODITY MIX:
87% Crude Oil & Liquids



RESERVES:
61,553 MBoe (2021)

OVERVIEW

West Lake Energy Corporation ('West Lake') is an active, innovative, boutique energy company focused on increasing value through investment in our people, new growth opportunities from our expertise in petroleum development and the creation of innovative clean energy ventures, contributing to the sustainability of Western Canadian energy.

We are committed to operating in a manner that is fair, responsible, and respectful to all stakeholders in creating a culture of engagement that encourages and provides opportunities for our people. Through our actions, we will become a leader in environmental, community investment, stewardship and committed to development that respects and protects the land, the environment, local communities, and our stakeholders.

2022 HIGHLIGHTS

West Lake underwent many changes in 2020 and 2021 with a new leadership team, revitalized employee base, higher activity levels and a refocused organization and culture. Part of this transformation included a dedicated

focus to evaluate and report on our ESG performance as a crucial step in our strategy to be an industry leader in sustainability. In 2022, our sustainability efforts ramped up as we introduced and began to implement new, innovative initiatives across our entire ESG landscape. We are excited to provide a brief glimpse into some of our projects and accomplishments during 2022 as we continue our journey with new opportunities to improve our ESG performance in 2023.

► OUR SUSTAINABILITY JOURNEY

We believe in ESG not only as an annual assessment of our business but as a cultural movement both within the company and on a societal scale. With a strong track record of respectful, responsible development, West Lake continues to execute and advance our ESG goals in each of our core areas as part of our sustainability strategy. We are proud to share our progress on key initiatives in 2022, but recognize that this is a journey, not an end goal. We will continue to implement new ways to improve our performance to ensure the needs of the community, environment and our stakeholders are met as we continue our energy transformation.

| | FOCUS | HIGHLIGHT |
|---|--|---|
|  ENVIRONMENT | Reducing environmental impact | Used only recycled water in our fracking operations, decreased CO2 emission intensity 20% year over year, developing voluntary carbon offsets and minimizing land use |
| | Restoring and reclaiming land | Full abandonment, clean up and restoration of legacy properties on First Nation lands |
| | Help build sustainable wealth for First Nations communities | Created new 50/50 working interest joint venture partnership |
| | Clean energy technology and processes | Proposed carbon capture sequestration Hub with potential to sequester over 2.7 million tonnes of CO2/year over 30-years |
| | Safeguard wildlife and vegetation in sensitive areas | Used helicopters to move equipment and personnel to minimize land and wildlife disturbance |
|  SOCIAL | Create engaged employee culture | Introduced new initiatives to improve communication, reward employees and provide development opportunities |
| | Foster relationships with community, First Nations and residents | Increased active consultation with stakeholders |
| | Provide support and economic benefit to local communities | Raised funds for local charities, employed local individuals and services, and invested in education and training program |
| | Acknowledge, respect and celebrate milestones | Recognized First Nation sacred site with monument and participated in ceremony |
|  GOVERNANCE | Maintain high standard of corporate governance | Developed stronger Board relationships, communication and level of oversight |
| | Create ESG culture | Developed ESG benchmarks, measures and inaugural report |
| | Ensure proper processes and controls | Developed new corporate policies and revamped vendor processes and controls |

ENVIRONMENT

Being mindful of our impact on the environment is a key priority at West Lake – our people, communities and stakeholders rely on having fresh water to drink, clean air to breathe and land use for future generations. As a responsible company, we are committed to safeguarding these resources for the benefit of not just the Company but those around us, contributing to environmental and economic health for all. Current environmental practices at West Lake include using only recycled water in our fracking operations, decreasing CO2 emission intensity 20% year-over-year, developing voluntary carbon offsets, minimizing land use, and exploring energy transition opportunities.



CASE STUDY: PARTNERING WITH FLFN & CLEANING UP BACKYARDS

We are dedicated to respectful consultation, meaningful engagement and collaboration to build a strong future together that protects their land and provides economic benefit to the community.

Our relationship with the Frog Lake First Nation ('FLFN'), a key operating area in our portfolio, is of utmost importance. Unfortunately, past drilling resulted in well sites and facilities built near residential housing and within spiritually sensitive areas, resulting in considerable clean-up obligations.

We began restoring this key relationship in late 2020 with our commitment to the full abandonment, clean up and reclamation of FLFN lands to return them to their original state – over 270 wells, 70 facilities and 130 pipeline segments across 170 individual well sites. In 2021, FLFN was granted the largest allocation for upstream oil and gas clean-up efforts on First Nation lands through the Alberta Government's Site Rehabilitation Program, over 90% of which they directed to West Lake.

Combined with our capital allocation, we spent over \$40 million on this project – the largest ever Canadian upstream oil and gas abandonment and reclamation project on First Nations lands. An enormous challenge from a logistics perspective, we worked on every FLFN site in 2022, closing wells, removing infrastructure, and completing full surface

restoration. Today, these abandoned wells and pipelines are no longer seen in the FLFN residents' backyards or on their sacred sites.

As part of the revitalization of our decade-long relationship, we work towards creating sustainable wealth for the FLFN, business opportunities for our people and long-term value with the vision of creating a First Nation oil company together. In February 2022, a significant milestone was reached with the signing of a joint economic development agreement with Frog Lake Energy Resources Corp. ('FLERC') to create a 50/50 working interest joint venture partnership. The venture commits to developing petroleum from the FLFN's resource in a sustainable manner, including drilling wells on FLFN lands, and advances in environmental and community stewardship such as employing over 30 local First Nation service providers. West Lake is utilizing several new environmental practices in our development such as proactively pre-funding all future abandonment and reclamation obligations – the first of its kind and a great step towards the future of sustainable development of Canadian resources.

SOCIAL

We are committed to building and maintaining respectful, collaborative relationships and regular dialogue with our employees, local communities, First Nations groups and other stakeholders. We are focused on creating an internal culture where employees feel empowered, rewarded for their contributions and have development opportunities. We strive to ensure that the communities where we operate benefit socially and economically from our operations, while the environment and the health and safety of our communities and employees are not compromised.



CASE STUDY: SUPPORTING LOCAL COMMUNITIES

As part of our stewardship programs, West Lake focuses on fund-raising initiatives and opportunities for local community charities and groups. **Recognizing the impact of rising costs of living, West Lake raised over \$40,000 in 2022 for Alberta food banks in West Lake's operational areas** through a summer event and other fundraising initiatives. In addition, the Company provided over \$1.6 million over an 18-month period to the FLFN community in 2022 through the donation of all the used and salvaged production equipment from reclamation activities.

Working with the FLFN Chief, band council, FLERC and the community, West Lake employs over 30 First Nation service providers and helps fund community projects and investments such as local Powwows, training and development and other initiatives. In addition, we have committed to help fund community projects across the FLFN to a minimum of \$100,000 per year plus \$0.10 per barrel of producing oil.

Occasionally, we get requests from residents to include certain plants in the seed mixture or for specific reasons at the final stages of the land reclamation process. With the FLFN, this involves



discussions with the Elders regarding plans for sites to preserve any plants of traditional, sacred or medicinal importance. In one instance in 2022, planting was even more specialized with a request to add sweetgrass so the reclaimed land could be used for ceremonial purposes. Acting as a pilot project, we purchased all available Alberta sweetgrass supply and planted the area alongside all First Nations labourers. West Lake will evaluate this project in the hopes of introducing sweetgrass and other plants to more sites based on continued consultation with residents, farmers and other stakeholders.



CASE STUDY: CREATING A GREEN ENERGY HUB - STARTING WITH CARBON CAPTURE

Committed to responsible development, West Lake intends to become a leader in the energy transition through the creation of innovative clean energy ventures, contributing to the sustainability of Western Canadian energy.

In 2022, we took the first step in creating a major clean energy project with work on a proposed Carbon Capture Sequestration Hub (the 'Hub'). Located between Waterton National Park and Pincher Creek in Southern Alberta, the project will provide an immediate low-cost, high-volume solution to the need for carbon capture, utilization, and storage for multiple industrial emitters in Southern Alberta and the northwest United States. Utilizing a property at the end of the asset life cycle, the existing saline Rundle reservoir has the potential to sequester over 2.7 million tonnes of CO₂ per year over its expected 30-year lifespan. This equates to be about the same as approximately 580,000 cars off the road per year. The project will minimize the environmental impact by utilizing a contained aquifer for injection and reusing existing infrastructure.

As part of our vision, the Hub is to be built around three key sources of carbon: a proposed on-site, self-contained blue ammonia plant to produce fertilizer, an approved gas-fired power generation station, and other industrial emitters in the area. Expected to generate hundreds of millions in annual revenue for southern Alberta...

...The Hub will create new economic opportunities and ventures for the province and the surrounding communities over its 25+ year life, and be an important asset in Alberta's transition to low-carbon energy.



CASE STUDY: INNOVATIVE CLEAN-UP FOR CARIBOO

West Lake Energy engaged in important asset closure work in the Birch Mountain area of Northeastern Alberta with the full site closure and abandonment of 13 legacy wells in an isolated area to return the land to its original state. To reduce impact in this environmentally sensitive area, West Lake used helicopters to move equipment and personnel to minimize land and wildlife disturbance.

Because of our approach to reclamation, there will be close to zero lasting impact on wildlife and vegetation.

Already covered in native vegetation and in the final phase of reclamation, these leases will experience quick natural regrowth and blend in with the surrounding area over the next years. This \$8 million dollar project shows West Lake's diligence and commitment to sustainable practices and operations while thinking outside-the-box to find the best solution.



CASE STUDY: RESTORING SACRED SITES

As a pivotal partner, West Lake employs a First Nation community liaison to help communicate directly with the FLFN community. We meet quarterly with the Chief and Council to discuss our work together, and have employed and trained more than 11 First Nation vendors and have over 84% of our workers of First Nations heritage through our FLFN reclamation project.

As recognition to the FLFN for the mistakes made through historical drilling practices, West Lake donated \$150,000 for the construction of a monument to preserve the significance of their Smoking Hill sacred area for future generations. After we restored the land, a Peace Pipe and Monument Unveiling Ceremony was held in June 2022. **We were honoured to participate in the ceremony, and see this land returned to its traditional use.**

As a further commitment to this important group, West Lake renewed its investment in the Education and Training program with FLFN under the Cooperation and Consultation Protocol. This program is designed to provide opportunities and training for First Nation youth with an interest in pursuing a career in the energy and energy transition industries.



GOVERNANCE

Although West Lake is a private company, we are committed to holding ourselves to a high level of corporate governance, accountability and transparency to our stakeholders.

Fostering good governance creates the culture needed to meet our sustainability goals and strengthen our relationships with stakeholders.

West Lake has a positive reputation in industry for meeting our promises, and acting in an honourable and ethical manner. Our goal is to continue our work across all areas of governance to ensure we are acting in our stakeholders' best interests.

Our recent changes created a renewed focus on improving governance practices throughout the organization. Working closely with the leadership team to add value, the Board provides strong stewardship that guide our strategies, provides ESG oversight and maintains effective risk management. This ensures West Lake operates within desired guidance levels and considers all potential impacts to the company. Strict adherence to provincial and federal regulations and emission reduction targets are attached to employee and executive pay to provide accountability for ESG improvements for the Board, management and employees. In 2022, several policies were developed or revised for staff to encourage ethical business practices such as the Code of Conduct, Whistleblower and Respectful Workplace Policies.



► CASE STUDY: ENSURING TRANSPARENT AND RESPONSIBLE ACTIONS

After our corporate evaluation in 2021, we discovered a number of processes, policies and procedures needed to be created to modernize guidance practices, ensure the proper checks and balances, and develop a cohesive understanding of ethics and values. An external high-level assessment was completed in March 2022 to identify areas of concern, identify improvements and develop a project implementation plan.

Phase 1 of the project began in 2022, focusing on contracts, purchasing and vendor spend processes and analysis. The biggest part concerned the entire contracting process including contract life cycle management, approval processes, and contract management databases. We expect the majority of Phase 1 to be completed by year-end as we move forward with the second phase: standardizing bid processes. With the completion of this project, West Lake will have the proper checks and balances in place to ensure that our actions are transparent and responsible.

► KEY BOARD INFORMATION:

Independent chair

4/5 Board members independent and of Asian heritage

Average tenure of 5 years

100% Board meeting attendance

Quarterly ESG updates



ABOUT THIS REPORT

This environmental, social and governance ('ESG') update provides highlights of West Lake's 2022 performance, highlighting key initiatives and accomplishments that we achieved from January 1 to September 30, 2022.

Scope: The scope of this document includes all businesses, assets, and partnerships that are owned and operated by West Lake as of the time of this

report. Unless otherwise noted, all dollar amounts are expressed in Canadian dollars with amounts provided on a before-tax basis, unless otherwise stated.

Framework: This update was compiled using standard suggested disclosures including the Sustainability Accounting Standards Board ('SASB') "Oil & Gas - Processing & Exploration" accounting standard", Global Reporting Initiative ('GRI') "GRI 11: Oil & Gas Sector

2021", and the Task Force for Climate Related Financial Disclosure ('TCFD') recommendations as a foundation for data collection and strategy development. This update does not include all the requirements to be considered in full accordance with standards.

Advisories: We have taken care to ensure the information in this document is accurate. However, the update contains forward-looking information pertaining to the internal

goals, expectations, and projections of West Lake, which may differ from actual results. We disclaim any liability whatsoever for errors or omissions. Further, some information in this document may have been disclosed previously in other West Lake public disclosure, and such disclosure is not intended in any way to be qualified, amended, modified or supplemented by information herein. We refer you to our website for full advisories including "Forward-Looking Statements."



WestLake
ENERGY

West Lake Energy Corp.
Suite 700, 600 – 3rd Ave SW
Calgary AB T2P 0G5
403.215.2045
westlakeenergy.ca