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## MODERN SLAVERY REPORT

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2023

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## About

Pursuant to section 11 of Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act") for the financial year ended December 31, 2023, Lithium Chile Inc. herein reports on the steps taken to reduce the risk that modern slavery is used at any step of the production of goods or services in Canada or elsewhere or of goods imported into Canada.

## Introduction

Lithium Chile Inc. (TSX-V: LITH) ("Lithium Chile", or "the Company"), acknowledges the threat posed by modern slavery, which includes practices such as indentured servitude, human trafficking, forced labor, forced marriage, debt bondage, child labor, and deceptive recruitment practices (collectively referred to as "Modern Slavery"). We recognize our responsibility to work alongside other stakeholders to combat Modern Slavery and are committed to assessing and mitigating these risks as guided by relevant regulatory frameworks.

Lithium Chile is dedicated to maintaining a responsible supply chain, partnering with entities that share our commitment to ethical behavior and respect in the workplace. This commitment is a fundamental aspect of our business model. We are committed to upholding human rights in accordance with applicable laws and international standards. Lithium Chile will strive to identify and address the risks of Modern Slavery throughout our supply chain and operations. We foster a culture of continuous improvement and collaboration with all relevant stakeholders to ensure these commitments are upheld across our operations.

In accordance with the Act, this report addresses the fiscal year ended December 31, 2023 and includes the following entities:

Reporting Entity	Description
Lithium Chile Inc.	Parent entity
Compañía Minera Kairos Chile Limitada ("Minera Kairos")	99% owned Chilean subsidiary
Argentum Lithium S.A. ("Argentum")	100% owned Argentinian subsidiary
ArLi S.A. ("ArLi")	62.2% owned Argentinian subsidiary

## Activities

Lithium Chile, through its subsidiaries listed above, is focused on the acquisition, advancement, and development of mineral properties in Chile and Argentina. The Company's registered office is in Calgary, Alberta and its common shares trade on the TSX Venture Exchange under the symbol "LITH". Lithium Chile is dedicated to discovering and developing economic reserves of lithium and other valuable minerals to meet the growing demand for critical components in the renewable energy sector ("Business Objectives"). Hereinafter in this report, Lithium Chile Inc. and the subsidiaries listed above are collectively referred to as Lithium Chile. Activities related to the advancement and development of mineral properties within Chile and Argentina are typically conducted in remote areas of those countries.

## Supply Chain

Lithium Chile, a mineral exploration company, sources the majority of its goods and services from suppliers based in Chile and Argentina. While a small number of our suppliers are located internationally, the bulk of them are local to these regions. This local focus allows Lithium Chile to maintain strong relationships with its suppliers and contribute to the regional economy.

Lithium Chile's suppliers encompass a diverse range of service providers and vendors that provide essential materials and equipment needed to fulfill the Company's Business Objectives. These services include geological surveys, drilling services, camp services, and supervisory services provided by professionals who have experience in such operations. The materials provided by vendors include the raw material and specialized tools and equipment required for the exploration of mineral resources. By collaborating closely with local suppliers, Lithium Chile can ensure that its supply chain remains robust and responsive to the unique demands of the mining sector in the areas in which it operates. The following table provides information pertaining to the equipment and services provided by suppliers to Lithium Chile. It should be noted that the list is not exhaustive. However, this report addresses the majority of the goods and services utilized by the Company to fulfil its Business Objectives.

<b>Supplier Product/Service Type</b>	<b>Supplier Location</b>	<b>Description</b>
Mining assays	Chile & Argentina	Evaluation of drilling core or surface samples to determine grades
Exploration drilling	Chile & Argentina	Drilling of exploration bore holes, extracting core samples and sending such samples to be evaluated (assayed)
Geological, metallurgical, hydrological sampling and testing	Chile & Argentina	Collection of surface samples and fluids and performing specialized geophysical exploration techniques
Camp services	Chile & Argentina	Habitation and food services for personnel at remote sites
Transportation of Supplies & Equipment	Chile & Argentina	Transportation of equipment and personnel needed to complete the operations described above to remote sites
Repair & Maintenance	Chile & Argentina	Maintain equipment used to complete operations in good repair
Transportation of Personell	Chile & Argentina	Rental vehicles to facilitate movement of personnel to remote work sites
Office Facilities and Supplies	Chile & Argentina	Workspace for supervisory personnel and supplies needed to carry out those activities

## Risk Assessment

### 1. *Geographic Location of Supply Chain*

**Risk Description:** There is potential risk associated with the geographic location of Lithium Chile's supply chain, as suppliers primarily operate in Chile and Argentina, where regulatory frameworks may not be as robust as in Canada. This geographic dispersion could increase the likelihood of exposure to modern slavery practices. Certain regions, especially those with weaker labor regulations or enforcement mechanisms, pose a higher risk of modern slavery within the supply chain.

**Risk Rating:** Low

**Explanation:** Lithium Chile's operations in Chile and Argentina, and the utilization of primarily professionals and local service-based suppliers strongly mitigates this risk.

### 2. *Supplier Practices in High-Risk Industries*

**Risk Description:** Lithium Chile may source materials or services from industries with a higher likelihood of modern slavery practices, such as agriculture, construction, or manufacturing. Industries known for labor-intensive processes or where subcontracting is common are at higher risk of modern slavery.

**Risk Rating:** Low

**Explanation:** The specialized nature of Lithium Chile's industry and prominent use of professionals, greatly lowers the risk of modern slavery within the supply chain. Mineral exploration in these regions is not considered a high risk sector.

### 3. *Regional Regulatory Gaps*

**Risk Description:** Differences in labor laws and enforcement capabilities between Chile, Argentina, and other regions where suppliers might be located can result in gaps that allow modern slavery to persist unnoticed. Variation in labor laws and enforcement across jurisdictions may create loopholes or gaps that enable modern slavery practices.

**Risk Rating:** Low

**Explanation:** Lithium Chile's suppliers primarily operate in Chile and Argentina, areas with a strong regulatory framework around employment standards, mining practices and modern slavery practices.

### 4. *Economic Pressure on Suppliers*

**Risk Description:** Economic pressures, inflation and competitiveness within the mining industry may lead some suppliers to reduce costs through unethical labor practices, including modern slavery.

**Risk Rating:** Low

**Explanation:** Lithium Chile's supply chain is currently comprised primarily of professional services with few labour or low paying jobs. Its presence on government leased lands and close relationships with local indigenous groups are a factor in assessing the risk factor.

## 5. ***Supply Chain Complexity and Subcontracting***

**Risk Description:** Lithium Chile's supply chain may involve complex networks of subcontractors or intermediaries, increasing the difficulty of monitoring and mitigating modern slavery risks.

**Risk Rating:** Low to Moderate

**Explanation:** Lithium Chile's supply chain in Chile, often consisting of local service providers, may not be considered to be complex, however, the supply chain for operations in Argentina are becoming increasingly complex and therefore increasing the complexity of thoroughly monitoring the entire supply chain.

### **Managing Risks Related to Exposure to Modern Slavery in the Supply Chain:**

Lithium Chile engages in various activities to manage supplier risk as related to the Act. This includes, but is not limited to the following:

- 1. Supplier Due Diligence:** Lithium Chile will conduct due diligence on all its suppliers, including those located in Canada and abroad, to ensure compliance with ethical standards and alignment with the Company's code of conduct. This due diligence process includes assessing suppliers' reputations, conducting site visits where feasible, and reviewing relevant publicly available documentation.
- 2. Implementation of Supplier Code of Conduct:** A clear and comprehensive supplier code of conduct will be enforced by Lithium Chile. This code explicitly prohibits modern slavery practices and is effectively communicated to all suppliers. It serves as a guiding framework for supplier engagements and contractual agreements, ensuring consistent adherence to ethical labor standards.
- 3. Transparency in Supply Chain Operations:** Lithium Chile maintains transparency in its supply chain operations through regular reporting mechanisms. These mechanisms are employed to track and monitor supplier compliance with labor standards. The Company also fosters direct communication channels with suppliers to facilitate transparency and information sharing.
- 4. First Nations Engagement:** Given that much of Lithium Chile's operations are on government leased or indigenous lands, the Company actively collaborates with Indigenous communities to ensure mutual respect, understanding, and adherence to cultural values and alignment on shared ethical values. This collaboration extends to support economic development initiatives within these communities.
- 5. Continuous Improvement:** Lithium Chile is committed to continuous improvement in its supply chain management practices. As part of this continuous improvement, in addition to the high ethical standards detailed in the Company's code of conduct, the Company has created and implemented a dedicated policy specifically to assess and mitigate risks related to modern slavery for 2024 and beyond.

After thorough evaluation, Lithium Chile has determined that the likelihood of encountering modern slavery within its supply chain is minimal. This conclusion is based on comprehensive assessments and considerations of numerous factors. As a result, Lithium Chile remains confident in the integrity of its supply chain practices and alignment with ethical standards.

## Policies & Governance

At Lithium Chile, we prioritize the interests of our stakeholders in every decision we undertake. Our Board of Directors oversee the prudent management of our business operations in the Atacama, Antofagasta and Tarapacá regions of Northern Chile and in the Salta province of northwest Argentina. Our governance framework is fortified by policies and processes that delineate the responsibilities of our Board and Executive Leadership Team.

We are committed to upholding the highest standards of corporate governance to maintain the trust and confidence of our stakeholders. The following policies directly support this commitment:

### Company Code of Conduct

Lithium Chile's code of conduct outlines the ethical principles and standards expected of all stakeholders, emphasizing compliance with laws and regulations, fair treatment, transparency, and accountability. It promotes integrity, honesty, and responsible decision-making across all business activities, ensuring the protection of the Company's reputation and interests. The code covers a wide range of areas, including safety, non-discrimination, conflicts of interest, confidentiality, financial transparency, and compliance with securities laws. It provides clear guidelines for reporting and addressing any violations or concerns through a structured complaints procedure and fostering a culture of accountability. By articulating clear expectations and procedures for ethical conduct, Lithium Chile's code of conduct establishes a framework for maintaining trust, fostering a positive corporate culture, and mitigating risks associated with unethical behavior including exposure to modern slavery practices. Through its guidelines and reporting mechanisms, the code not only serves to prevent misconduct but also enables prompt and thorough investigation and resolution of any breaches. Its emphasis on transparency, accountability, and compliance with legal and regulatory requirements helps to safeguard the Company's reputation, build stakeholder trust, and promote sustainable business practices, contributing to long-term success and value creation. The Company's Code of Conduct is being updated to include the provisions of this report. A copy of this report has been provided to all employees of the Company.

### Whistleblower Policy

Lithium Chile has implemented a whistleblower policy that aims to safeguard the integrity of the Company by providing a confidential and anonymous process for employees to report concerns regarding workplace, auditing, accounting, and financial reporting matters. The policy outlines procedures for receiving, investigating, and resolving complaints, emphasizing confidentiality and protection against discrimination, retaliation, or harassment for whistleblowers and participants in investigations. It ensures timely and impartial investigations conducted by the Audit Committee, which may involve independent experts if necessary, and mandates retention of records for five years. By fostering a culture of transparency, accountability, and protection for whistleblowers, the policy effectively deters misconduct and promotes the Company's commitment to ethical standards and regulatory compliance. The Company's whistleblower policy is being amended to include the reporting of matters addressed in this report on a confidential basis as well.

## Supply Chain Risk Management Policy

Lithium Chile's supply chain risk management policy underscores our dedication to ethical business practices and the integrity of our supply chain operations. Designed to guide employees in identifying, assessing, and mitigating ethical risks, particularly concerning modern slavery, this policy emphasizes the importance of compliance, due diligence, and continuous improvement. By fostering a culture of proactive risk management, this policy aims to ensure that our supply chain reflects our values and promotes fairness in all our business dealings. Its effectiveness lies in its comprehensive approach, which combines clear guidelines, ongoing training, thorough risk assessment processes, and remediation efforts, empowering employees to uphold the highest ethical standards and contribute to the long-term success and reputation of Lithium Chile.

## Supplier Code of Conduct

Lithium Chile's supplier code of conduct serves as a comprehensive framework that outlines the Company's expectations for its suppliers regarding integrity, ethical behavior, labor practices, environmental responsibility, health and safety, quality, confidentiality, intellectual property, and supply chain management.

The code aims to ensure that Lithium Chile's suppliers align with its values of integrity, honesty, and respect for human rights, and operate within legal boundaries while maintaining ethical business practices. By emphasizing compliance with laws and regulations, ethical behavior, fair labor practices, environmental responsibility, and quality standards, the code aims to foster trust, sustainability, and accountability throughout Lithium Chile's supply chain. By explicitly prohibiting the use of forced labor, child labor, human trafficking, and ensuring compliance with labor laws, Lithium Chile significantly reduces the risk of its suppliers being involved in such unethical practices. Additionally, by requiring suppliers to monitor their own performance and promptly report any non-compliance or ethical concerns, the code fosters a culture of vigilance and accountability, further mitigating the risk of modern slavery within Lithium Chile's supply chain. This proactive stance not only aligns with ethical standards but also helps safeguard the Company's reputation and integrity while promoting a responsible and humane business environment. Suppliers will be required to sign the supplier code of conduct to acknowledge their understanding and commitment.

## Measures to Remediate the Loss Income to Vulnerable Families

Following our risk assessment of our operations and supply chain, no instances of Modern Slavery were identified in our operations or supply chain, therefore no measures were taken to remediate any losses.

## Assessing Effectiveness

Lithium Chile has implemented a framework to reduce the risk of modern slavery within our supply chain. This framework is designed to record and resolve any reported cases to maintain ethical standards. As of the current date, we have not encountered any cases of exposure to modern slavery that require formal evaluation. However, we will continuously monitor and address any emerging risks to uphold integrity and ethical conduct throughout our operations and supply chains.



## Report Updates

This is the inaugural report filed by the Company in accordance with the provisions of the Act. The Company intends to continue to monitor its performance with respect to the contents of this report as well as continue to monitor, and adjust as necessary, the risk profiles identified in this report with a review to incorporating an updated assessment of those risks in the next report prepared in relation to the 2024 fiscal year.

## Attestation

This report is available for public access on the Company's website at <https://lithiumchile.ca/>.

In fulfillment of statutory obligations, particularly as outlined in relevant sections, I confirm that I have thoroughly reviewed the contents of this report concerning Lithium Chile Inc. With diligent examination, I affirm that the information presented herein is accurate, comprehensive, and compliant with the legislative requirements for the reporting period specified.

Dated as of the 31<sup>st</sup> day of May, 2024

*signed "Steve Cochrane"*

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Steve Cochrane  
President, CEO

*signed "Jose de Castro Alem"*

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Jose de Castro Alem  
VP Lithium Operations

We have the authority to bind Lithium Chile Inc.

## Forward-Looking Information

Certain information contained in this document, including Management's assessment of the Company's future plans and operations, may constitute forward-looking information. This information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to differ materially from those expressed or implied by such forward looking information. The Company believes the expectations reflected in this forward-looking information are based on reasonable assumptions, but no assurance can be given that these expectations will prove to be correct, and the forward-looking information included in this document should not be unduly relied upon. These statements speak only as of the date of this document. Lithium Chile does not undertake to update any forward-looking statements herein, except as required by applicable securities laws. All forward-looking statements contained in this document are expressly qualified by this cautionary statement.