

Extractive Sector Transparency Measures Act - Annual Report

Reporting Entity Name PETRONAS Energy Canada Ltd.

Reporting Year **From** 2021-01-01 **To:** 2021-12-31 **Date submitted** 2022-05-26

Reporting Entity ESTMA Identification Number E662962

- Original Submission
 Amended Report

Other Subsidiaries Included
(optional field)

Not Consolidated

Not Substituted

Attestation by Reporting Entity

In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest I have reviewed the information contained in the ESTMA report for the entity(ies) listed above. Based on my knowledge, and having exercised reasonable diligence, the information in the ESTMA report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full Name of Director or Officer of Reporting Entity

Mark Tysdal

Date

2022-05-26

Position Title

Vice President, Finance

Extractive Sector Transparency Measures Act - Annual Report

Reporting Year	From: 2021-01-01	To: 2021-12-31			
Reporting Entity Name	PETRONAS Energy Canada Ltd.			Currency of the Report	CAD
Reporting Entity ESTMA Identification Number	E662962				
Subsidiary Reporting Entities (if necessary)					

Payments by Payee

Country	Payee Name ¹	Departments, Agency, etc... within Payee that Received Payments ²	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes ³⁴
Canada	Government of British Columbia		5,780,000	8,550,000	12,850,000					27,180,000	Government of British Columbia includes payments to the following departments: -Minister of Finance -BC Oil and Gas Commission -BC Land Titles & Survey -Province of BC Rural Property Tax -Worksafe BC
Canada	Blueberry River First Nations						110,000			110,000	
Canada	Prophet River First Nation						580,000			580,000	
Canada	Halfway River First Nation						1,180,000			1,180,000	
Canada	West Moberly First Nations						1,120,000			1,120,000	

Additional Notes:	<p>Note 1 – Financial Reporting Framework</p> <p>(a) Basis of accounting: The Schedule of Payments by Payee and the Schedule of Payments by Project (collectively "the Schedules") prepared by PETRONAS Energy Canada Ltd. (the "Company") for the year ended December 31, 2021 has been prepared in accordance with the financial reporting provisions in Section 9 of the Extractive Sector Transparency Measures Act, Section 2.4 of the Extractive Sector Transparency Measures Act – Technical Reporting Specifications and Section 3 of the Extractor Sector Transparency Measures Act – Guidance (collectively the "financial reporting framework"). The Schedules are prepared to provide information to the Directors of PETRONAS Energy Canada Ltd. and the Minister of Natural Resources Canada to assist in meeting the requirements of the Extractive Sector Transparency Measures Act. As a result, the schedules may not be suitable for another purpose.</p> <p>(b) Significant accounting policies:</p> <p>i) Cash basis The Schedules have been prepared on a cash basis of accounting, as required by the financial reporting framework, and exclude any accruals related to payments due to governments (as defined in the financial reporting framework). All amounts are presented in Canadian dollars.</p> <p>The Schedules include all cash payments made, without inclusion of cash inflows from a government. Where the Company makes a payment to a government that is net of credits from that government, the net payment amount has been presented.</p> <p>ii) Projects The Company has aligned its projects with its cash generating units as determined for financial statement reporting purposes. • North Montney Joint Venture – focused on development of Montney natural gas in North East British Columbia ("NEBC").</p> <p>iii) Operator The Company has reported all payments made by it, on its own behalf and in its role as operator, directly to the government on a 'gross' basis. Amounts paid by third party operators, who are subject to the financial reporting framework, have not been included in the Schedules.</p> <p>iv) Excluded payments Certain payments related to the operation of the Company's head office, payments made to governments for commercial services or payments made to governments which are not related to the commercial extraction of oil and natural gas resources have been excluded from the Schedules, as described in the financial reporting framework.</p>
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¹ Enter the proper name of the Payee receiving the money (i.e. the municipality of x, the province of y, national government of z).

² Optional field.

³ When payments are made in-kind, the notes field must highlight which payment includes in-kind contributions and the method for calculating the value of the payment.

⁴ Any payments made in currencies other than the report currency must be identified. The Reporting Entity may use the Additional notes row or the Notes column to identify any payments that are converted, along with the exchange rate and primary method used for currency conversions.

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Reporting Year	From: 2021-01-01	To: 2021-12-31	Currency of the Report CAD
Reporting Entity Name	PETRONAS Energy Canada Ltd.		
Reporting Entity ESTMA Identification Number	E662962		
Subsidiary Reporting Entities (if necessary)			

Payments by Project

Country	Project Name ¹	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes ²³
Canada	North Montney Joint Venture	5,780,000	8,550,000	12,850,000		2,990,000			30,170,000	

Additional Notes³:

Note 1 – Financial Reporting Framework

(a) Basis of accounting:

The Schedule of Payments by Payee and the Schedule of Payments by Project (collectively "the Schedules") prepared by PETRONAS Energy Canada Ltd. (the "Company") for the year ended December 31, 2021 has been prepared in accordance with the financial reporting provisions in Section 9 of the Extractive Sector Transparency Measures Act, Section 2.4 of the Extractive Sector Transparency Measures Act – Technical Reporting Specifications and Section 3 of the Extractive Sector Transparency Measures Act – Guidance (collectively the "financial reporting framework").

The Schedules are prepared to provide information to the Directors of PETRONAS Energy Canada Ltd. and the Minister of Natural Resources Canada to assist in meeting the requirements of the Extractive Sector Transparency Measures Act. As a result, the schedules may not be suitable for another purpose.

(b) Significant accounting policies:

i) Cash basis

The Schedules have been prepared on a cash basis of accounting, as required by the financial reporting framework, and exclude any accruals related to payments due to governments (as defined in the financial reporting framework). All amounts are presented in Canadian dollars.

The Schedules include all cash payments made, without inclusion of cash inflows from a government. Where the Company makes a payment to a government that is net of credits from that government, the net payment amount has been presented.

ii) Projects

The Company has aligned its projects with its cash generating units as determined for financial statement reporting purposes.

- North Montney Joint Venture – focused on development of Montney natural gas in North East British Columbia ("NEBC").

iii) Operator

The Company has reported all payments made by it, on its own behalf and in its role as operator, directly to the government on a 'gross' basis. Amounts paid by third party operators, who are subject to the financial reporting framework, have not been included in the Schedules.

iv) Excluded payments

Certain payments related to the operation of the Company's head office, payments made to governments for commercial services or payments made to governments which are not related to the commercial extraction of oil and natural gas resources have been excluded from the Schedules, as described in the financial reporting framework.

¹ Enter the project that the payment is attributed to. Some payments may not be attributable to a specific project, and do not need to be disclosed in the "Payments by Project" table.

² When payments are made in-kind, the notes field must highlight which payment includes in-kind contributions and the method for calculating the value of the payment.

³ Any payments made in currencies other than the report currency must be identified. The Reporting Entity may use the "Additional Notes" row or the "Notes" column to identify any payments that are converted, along with the exchange rate and primary method used for currency conversions.