



Fostering Transparency – 2020 ESTMA Report

Cenovus Energy Inc.

For the Year Ended December 31, 2020

(Canadian Dollars)

INTRODUCTION

On June 1, 2015, the *Extractive Sector Transparency Measures Act* (“ESTMA” or “the Act”) was brought into force by the Canadian government. The Act requires companies in the business of the commercial development of crude oil, natural gas and minerals to publicly disclose, on an annual basis, specific payments made to all governments in Canada and abroad. The Act is one of the ways Canada is delivering on its international commitment to contribute to global efforts to increase transparency and deter corruption in the extractive sector.

This report provides an overview of the payments made to governments by Cenovus Energy Inc. and its subsidiaries and partnerships (collectively, “Cenovus” or the “Company”) involved in the commercial development of crude oil and natural gas for the year ended December 31, 2020.

Cenovus Energy Inc. and Husky Energy Inc. will be filing separate ESTMA reports to the NRCan for the year ending December 31, 2020.

BASIS FOR PREPARATION

Legislation

This report is prepared in accordance with the Act and the ESTMA Technical Specifications. In addition, the ESTMA Guidance document published by Natural Resources Canada (“NRCan”) has been considered in Cenovus’s interpretation of the Act.

Reporting Entities and Operatorship

Cenovus has registered its subsidiaries and partnerships in the business of the commercial development of crude oil and natural gas with NRCan, but has chosen to report as a consolidated group.

Cenovus is engaged in various joint venture agreements with other crude oil and natural gas producers. Each joint venture agreement identifies the operator of the joint venture as the party responsible for administering any obligations to a government and as such, where Cenovus is the operator, the full amount paid is disclosed in this report.

During 2020 no material assets were sold during the year, no need for additional information to be presented in 2020 for project classifications relating to ESTMA.

Activities

Payments made by Cenovus and its subsidiaries to governments arising from the commercial development of crude oil and natural gas are disclosed in this report. The commercial development of crude oil and natural gas means:

- The exploration or extraction of crude oil, natural gas liquids or natural gas
- The acquisition or holding of a permit, license, lease or any other authorization to carry out exploration or extraction of crude oil or natural gas

Commercial development includes activities such as prospecting and exploring for crude oil and natural gas and encompasses the abandonment and reclamation of sites. Commercial development is not intended to extend to ancillary or preparatory activities such as manufacturing equipment or the construction of extraction sites. In addition, post-extraction activities such as refining or processing as well as marketing and transporting are generally excluded. For example, business taxes associated with the Company’s Calgary office space has been excluded as it does not relate to commercial development activities.

Payee

A payee includes any government in Canada or in a foreign state; a body that is established by two or more governments; any trust, board, commission, corporation or body or authority that is established to exercise or perform, or that exercises and performs a power, duty or function of government for a government referred to above. This could include any Indigenous group or organization that exercises or performs the power, duty or function of government.

Project

Payments are reported at the project level unless a payment is not attributable to a specific project in which case it is reported at the corporate level. A project means operational activities that are governed by a single contract, license, lease, concession or similar legal agreement that forms the basis for payment obligations with a government. Nonetheless, if a given geographical area or geological formation is managed and operated through multiple agreements, the area will be considered to be substantially interconnected, and will be treated as a single project.

All of Cenovus's crude oil and natural gas reserves and production are located in Canada within the provinces of British Columbia, Alberta and Saskatchewan. Cenovus reports its crude oil and natural gas production in its Oil Sands and Conventional segments.

Projects within Cenovus's Oil Sands segment have been determined based on its Oil Sands Royalty ("OSR") projects approved by the Government of Alberta. Projects within the Conventional segment are based on their geographic proximity, consistent with how they are operated and managed.

In some cases, very early stage oil sands projects that have not yet been assigned an OSR and for which payments are immaterial have been aggregated with another project in close geographic proximity.

Payments

The information is reported under the following payment categories:

- Taxes
- Royalties
- Fees
- Production entitlements
- Bonuses
- Dividends
- Infrastructure improvement payments

For each payee, if payments for the year are less than \$100,000, the payments are excluded from this report. Payments are reported on a cash accounting basis. In-kind payments are included in the report and valued at fair market value based on Cenovus's realized sale price. Payments made in United States dollars are translated into Canadian dollars for this report using the December 31, 2020 Bank of Canada daily average rate of 0.7854 US dollars per Canadian dollar. Payments have been rounded to the nearest \$10 thousand.

SUMMARY REPORT – BY PAYEE

(\$ thousands)

Payee	Taxes	Royalties	Fees	Production Entitlement	Bonuses	Dividends	Infra-structure Payments	Total
The Federal Government of Canada	1,180	60	310					1,550
The Province of Alberta	19,430	384,190	21,770					425,390
The Province of British Columbia	970	1,610	3,080					5,660
The Province of Saskatchewan		2,970	150					3,120
Regional Municipality of Wood Buffalo	15,560		140					15,700
County of Grande Prairie	5,560		30					5,590
Municipal District of Greenview	3,960							3,960
Yellowhead County	3,200							3,200
Clearwater County	2,540		10					2,550
Municipal District of Brazeau	1,470							1,470
County of Ponoka	1,240		10					1,250
County of Wetaskiwin No. 10	850		20					870
Lacombe County	820							820
Red Deer County	330							330
Woodlands County	310							310
Lac La Biche County	200		10					210
Municipal District of Lesser Slave River	40		90					130
Cold Lake First Nation			200		530		1,000	1,730
Heart Lake First Nation			80		260		1,000	1,340
Conklin Metis Local #193			180		750			930
Beaver Lake First Nation			80		300		500	880
Fort McMurray First Nation			240		250			490
Athabasca Chipewyan First Nation			350		60			410
Mikisew Cree First Nation			320		50			370
Chipewyan Prairie First Nation			110					110
Fort McMurray Metis 1935			50		60			110
CANADA TOTAL	57,660	388,830	27,230	-	2,260	-	2,500	478,480

SUMMARY REPORT – BY PROJECT

(\$ thousands)

Project	Taxes	Royalties	Fees	Production Entitlement	Bonuses	Dividends	Infra-structure Payments	Total
Christina Lake	15,540	247,270	7,050		1,510		1,500	272,870
Foster Creek	18,820	111,640	8,450		530		1,000	140,440
Elmworth Wapiti	8,360	9,330	5,120					22,810
Clearwater	8,090	8,490	1,360					17,940
Kaybob Edson	4,840	7,070	1,060					12,970
Weyburn		2,970						2,970
Telephone Lake	20		2,590		220			2,830
Marten Hills		1,830	830					2,660
Cenovus Corporate	1,990							1,990
Narrows Lake			770					770
Pelican Lake		230						230
CANADA TOTAL	57,660	388,830	27,230	-	2,260	-	2,500	478,480