



Cenovus Energy Inc.

**Fostering Transparency – Cenovus 2021 ESTMA Annual Report
(unaudited)**

For the Year Ended December 31, 2021

(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., its subsidiaries and partnerships (together “Cenovus” or the “Company”) involved in the commercial development of crude oil and natural gas for the year ended December 31, 2021.

On January 1, 2021, Cenovus acquired Husky Energy Ltd. For the 2020 ESTMA filing year related to cash payments made in 2019, each legacy entity filed individual reports to Natural Resources Canada (“NRCan”). For the 2021 filing year, Cenovus will file one consolidated report.

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 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 2021, no material assets were sold.

Activities

Payments made by Cenovus 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, Saskatchewan, and Newfoundland and Labrador and the Asia Pacific regions, in China and Indonesia. Our upstream operations include oil sands projects in northern Alberta, thermal and conventional crude oil, natural gas and natural gas liquids ("NGLs") projects across Western Canada, crude oil production offshore Newfoundland and Labrador and natural gas and NGLs production offshore China and Indonesia.

Projects within Cenovus's Oil Sands segment have been determined based on its Oil Sands Royalty ("OSR") projects approved by the Government of Alberta and Saskatchewan. Projects within the Conventional segment are based on their geographic proximity, consistent with how they are operated and managed. Royalty rates in China and Indonesia are governed by production sharing contracts in which production is shared with the Chinese and Indonesian governments. Royalties at the White Rose field are based on an agreement between our working interest partners and the Government of Newfoundland and Labrador.

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 ("USD"), Indonesian Rupiah ("IDR") and Chinese Yuan ("RMB") are translated into Canadian dollars using the prevailing exchange rate at the time of payment. The average exchange rate for the period was \$0.798 USD, 11,416 IDR and 5.147 RMB per Canadian dollar. Payments on the report filed with NRCan 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 Province of Alberta	4,550	2,109,540	48,020					2,162,110
The Federal Government of China	156,470	77,300	530		630			234,930
The Province of Saskatchewan	37,290	84,350	3,160					124,800
The Federal Government of Canada	7,360	31,980	660					40,000
Municipality of Wood Buffalo	25,220							25,220
Town of Bonnyville	22,370							22,370
The Province of Newfoundland and Labrador		2,700	18,920					21,620
Municipality of Frenchman Butte	8,380							8,380
The Province of British Columbia	60	3,940	3,710					7,710
Rural Municipality of Eldon	6,860		340					7,200
Yellowhead County	6,050							6,050
County of Grande Prairie	5,790		50					5,840
County of Vermillion River	5,620		80					5,700
Municipal District of Greenview	4,830							4,830
Rural Municipality of Turtle River	4,690							4,690
Rural Municipality of Britannia	4,370							4,370
Rural Municipality of Wilton	3,650		10					3,660
Mackenzie County	3,640							3,640
Municipal District of Wainwright	3,100							3,100
Heart Lake First Nation			80		790		2,000	2,870
Clearwater County	2,770							2,770
Cold Lake First Nation			220		530		2,000	2,750
Rural Municipality of Mervin	2,570		40					2,610
Chipewyan Prairie First Nation			90				2,000	2,090
Flagstaff County	1,910							1,910
Rural Municipality of Paynton	1,850		10					1,860
Municipal District of Brazeau	1,460		50					1,510
Beaver Lake First Nation			80		300		1,000	1,380
Rural Municipality of Manitou Lake	1,300							1,300
Ponoka County	1,270		10					1,280
Athabasca Chipewyan First Nation			900		300			1,200
Municipal District of Opportunity	1,060							1,060
Mikisew Cree First Nation			630		320			950
Municipal District of Provost	940							940
Conklin Metis			180		750			930
Fort McKay First Nation			290		580			870
County of Wetaskiwin	860		10					870
Lacombe County	850							850
Metis Nation of Alberta Local Council 218 (Chard Metis)			80				750	830
Rural Municipality of Hillsdale	760							760
Fort McMurray First Nation			250		250			500
Red Deer County	480							480
Rural Municipality of Senlac	400							400
County of Two Hills	390							390
Lac La Biche County	370							370
Northern Rockies Regional Municipality	350							350
Fort McKay Metis Nation			140		180			320
Woodlands County	300							300
Metis Nation of Alberta (Fort McMurray Metis #1935)			130		130			260
Federal Government of Indonesia					250			250
Moosomin First Nation					210			210
Saulteaux First Nation					200			200
County of St Paul	200							200
Town of Rainbow Lake	190							190
Fort Chipewyan Metis Association			80		80			160
County of Minburn	120							120
Wheatland County	120							120
TOTAL	330,820	2,309,810	78,750	-	5,500	-	7,750	2,732,630

SUMMARY REPORT – BY PROJECT

(\$ thousands)

Project	Taxes	Royalties	Fees	Production Entitlement	Bonuses	Dividends	Infra-structure Payments	Total
Christina Lake	15,210	1,087,670	5,070		2,040		5,750	1,115,740
Foster Creek	17,510	770,170	14,770		530		2,000	804,980
Liwan Gas Project	156,460	77,300	210					233,970
Lloydminster Thermal	71,660	83,780	2,120		410			157,970
Tucker	5,230	95,350	3,720					104,300
Sunrise	11,060	41,440	1,810		1,430			55,740
White Rose Oil Field		31,570	18,920					50,490
Kaybob-Edson	9,280	29,160	5,140					43,580
Elmworth-Wapiti	9,530	26,160	6,100					41,790
Clearwater	9,610	24,650	5,480					39,740
Rainbow Lake Development	3,890	28,720	1,790					34,400
Conventional Heavy Oil	12,210	8,200	10,490					30,900
Corporate	9,160							9,160
Terra Nova Oil Field		2,980						2,980
Telephone Lake	10		2,060		210			2,280
Weyburn		2,110						2,110
Block 15/33			80		630			710
Marten Hills		240	270					510
Pelican Lake		310						310
East Coast Exploration			280					280
Liman					250			250
Narrows Lake			200					200
Block 23/07			160					160
Block 16/25			80					80
TOTAL	330,820	2,309,810	78,750	-	5,500	-	7,750	2,732,630