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Kevin Georget
Chief Financial Officer

E t r a c t i s e S e c t o r T r a n s p a r e n c y M e a s u r e s A c t % A n n u a l R e p o r t

Reporting Year
 Reporting Entity Name
 Reporting Entity ESTMA
 Identification Number
 Subsidiary Reporting Entities

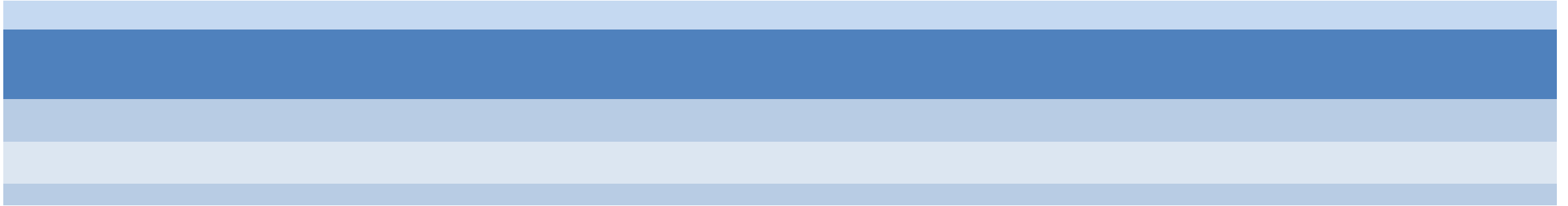
From:

To:

Payments by Payee

Country	Payee Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes
Canada	Government of British Columbia	\$ -	\$ 2,520,000	\$ 1,940,000	\$ -	\$ -	\$ -	\$ -	\$ 4,460,000	Government of BC contains the following: - BC OIL & GAS COMMISSION - MINERAL SERVICES ACT - Royalties (
Canada	Province of Yukon	\$ -	-	-	-	-	-	-	150,000	
	Total	\$ 150,000	\$ 2,520,000	\$ 1,940,000	\$ -	\$ -	\$ -	\$ -	\$ 4,610,000	

Please refer to Note 15, Financial Reporting Framework for explanatory information and disclosures relating to this Annual Report.



Progress Sasol Montney Partnership (E088016)
Supplemental Note to the Schedules
July 1, 2016 to June 30, 2017

INDEPENDENT AUDITORS' REPORT

To the Directors of Progress Energy Canada Ltd., as Managing Partner of the Progress Sasol Montney Partnership, and the Minister of Natural Resources Canada

We have audited the accompanying Schedule of Payments by Payee totaling \$4,610,000 and the Schedule of Payments by Project totaling \$4,610,000 of the Progress Sasol Montney Partnership for the year ended June 30, 2017 and notes, comprising a summary of significant accounting policies (together "the schedules"). The schedules have been prepared by management in accordance with the financial reporting provisions in Section 2, 3, 4 and 9 of the Extractive Sector Transparency Measures Act, Section 2.3 of the Extractive Sector Transparency Measures Act – Technical Reporting Specifications and Sections 3.1 to 3.6 of the Extractive Sector Transparency Measures Act – Guidance (collectively, the "financial reporting framework").

Management's Responsibility for the Schedules

Management is responsible for the preparation of the schedules in accordance with the financial reporting framework referred to above, and for such internal control as management determines is necessary to enable the preparation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these schedules based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the schedules in order to design audit procedures that are appropriate in the circumstances,



but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Schedule of Payments by Payee amounting to \$4,610,000 and the Schedule of Payments by Project amounting to \$4,610,000 of the Progress Sasol Montney Partnership for the year ended June 30, 2017 are prepared, in all material respects, in accordance with the financial reporting framework referred to above.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the schedules, which describes the basis of accounting. The schedules are prepared to provide information to the Directors of Progress Energy Canada Ltd., as Managing Partner of the Progress Sasol Montney Partnership, 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.

Our report is intended solely for the Directors of Progress Energy Canada Ltd., as Managing Partner of the Progress Sasol Montney Partnership, and the Minister of Natural Resources Canada and should not be used by parties other than the Directors of Progress Energy Canada Ltd., as Managing Partner of the Progress Sasol Montney Partnership, and the Minister of Natural Resources Canada.



Chartered Professional Accountants
October 30, 2017
Calgary, Canada