

Extractive Sector Transparency Measures Act Report

Reporting Year From: 2016-01-01 To: 2016-12-31
Reporting Entity Name Seven Generations Energy Ltd.
Reporting Entity ESTMA Identification Number E658582
Subsidiary Reporting Entities (if necessary) N/A

Attestation: Please check one of the the boxes below and provide the required information

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.

Attestation (through independent audit)

In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest that I engaged an independent auditor to undertake an audit of the ESTMA report for the entity(ies) and reporting year listed above. Such an audit was conducted in accordance with the Technical Reporting Specifications issued by Natural Resources Canada for independent attestation of ESTMA reports.

*The auditor expressed an unmodified opinion, dated [ENTER DATE: YYYY-MM-DD], on the ESTMA report for the entity(ies) and period listed above.
The independent auditor's report can be found at [INSERT WEBLINK TO AUDIT OPINION POSTED ONLINE – link should be on same page as report link]*

Director or Officer of Reporting Entity Full Name: Chris Law
Position Title: CFO

Date: 2017-05-30

Extractive Sector Transparency Measures Act - Annual Report

Reporting Year
Reporting Entity Name
Reporting Entity ESTMA
Identification Number
Subsidiary Reporting
Entities (if necessary)

From: 2016-01-01 **To:** 2016-12-31
 Seven Generations Energy Ltd.
 E658582
 N/A

Payments by Payee

Country	Payee Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes
										Payments are reported on a cash basis, meaning they are reported in the period in which they are paid.
Canada	Government of Alberta	-	41,980,000	890,000	-	230,000	-	-	43,100,000	
Canada	Municipal District of Greenview, No.16	3,580,000	-	2,430,000	-	-	-	-	6,010,000	
Canada	Alberta Energy Regulator	-	-	860,000	-	-	-	-	860,000	
Total		3,580,000	41,980,000	4,180,000	-	230,000	-	-	49,970,000	All payments are reported in Canadian dollars and rounded to the nearest \$10,000.

Extractive Sector Transparency Measures Act - Annual Report

Reporting Year **From:** 2016-01-01 **To:** 2016-12-31

Reporting Entity Name *Seven Generations Energy Ltd.*

Reporting Entity ESTMA Identification Number *E658582*

Subsidiary Reporting Entities (if necessary) *N/A*

Payments by Project										
Country	Project Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes
										Payments are reported on a cash basis, meaning they are reported in the period in which they are paid.
Canada	Kakwa River	3,580,000	41,980,000	4,180,000	-	230,000	-	-	49,970,000	All payments are reported in Canadian dollars and rounded to the nearest \$10,000.



INTRODUCTION

Seven Generations Energy Ltd. (“Seven Generations” or the “Company”) has prepared the following report (“Report”) of payments made to government entities for the year ended December 31, 2016 as required by the *Extractive Sector Transparency Measures Act*, S.C. 2014, c.39, s.376 (“ESTMA” or “the Act”).

Seven Generations is an independent, publicly-traded energy company focused on the acquisition, development and value optimization of high-quality, tight-rock, natural gas resource plays. Stakeholder service is a core principle at Seven Generations as the Company develops its Kakwa River Project. The Company’s many stakeholders include the community of Grande Prairie, the Peace Region where it operates, and Calgary, Alberta, home to the Company’s headquarters. Maintaining a large operations presence in Grande Prairie is vital to the Company’s ongoing success, and, through its Grande Prairie and Calgary staff, the Company engages and consults with the people of the region as it plans, builds and operates the Kakwa River Project. Seven Generations is honoured to be a part of these communities and to be able to make an economic contribution by investing in jobs and services, fundraising for community initiatives, and supporting local infrastructure through the taxes paid. For more information on such broader contributions, please refer to Seven Generations’ stakeholder report – Generations 2017 - on the Company’s website at www.7genergy.com.

Basis of Preparation

This Report has been prepared in accordance with the requirements of the Act. The Company’s wholly owned US subsidiary and equity investee have been excluded from the Report as they do not qualify as reporting entities. The following is a summary of applicable definitions and judgments that were made for the purpose of preparing this Report.

Payee

For purposes of the Act, a payee is:

- a) Any government in Canada or in a foreign state.
- b) A body that is established by two or more governments.
- c) Any trust, board, commission, corporation or body or other authority that is established to exercise or perform, or that exercises or performs, a power, duty or function of a government for a government referred to in paragraph (a) above or a body referred to in paragraph (b) above.

Payees include governments at any level, including national, regional, state/provincial or local/municipal levels. Payees include Crown corporations and other state-owned enterprises that are exercising or performing a power, duty or function of government.



Aboriginal and Indigenous groups and organizations within Canada and in other jurisdictions may be regarded as governments for purposes of qualifying as a payee under the Act; however, the Act defers the requirement to report on payments made to Aboriginal governments in Canada until after June 1, 2017.

Activities within the scope of the Report

Payments made by Seven Generations to payees relating to the commercial development of oil, gas and minerals (“commercial development”) are disclosed in this Report. Seven Generations makes payments related to its initial processing activities which are integrated with its extraction operations and comprise commercial development. The Report excludes payments that are not related to Seven Generations’ commercial development activities, as defined by the Act and the associated guidance published by Natural Resources Canada.

Project

Payments are reported at the project level except for payments that are not attributable to a specific project, which are reported at the entity level. For the year ended December 31, 2016, Seven Generations had one project: the Kakwa River project.

A “project” means the operational activities that are governed by a single contract, license, lease, concession or similar legal agreement and form the basis for payment liabilities with a government. However as Seven Generations has multiple agreements that are substantially interconnected, Seven Generations has aggregated such interconnected agreements into a single “Project” for reporting purposes, as permitted under the Act and the associated Technical Specifications published by Natural Resources Canada.

Payment Categories

The information is reported under the following payment categories.

Taxes

This category may include taxes paid by Seven Generations on its income, profits or production. Taxes reported include property taxes and well drilling taxes. Consumption taxes and personal income taxes are excluded.

Royalties

These are payments for the rights to extract oil and gas resources, typically at a set percentage of revenue less any deductions that may be taken. Royalties paid in kind are also reported under this category.

**Fees**

This category may include rental fees, entry fees and regulatory charges as well as fees or other consideration for licenses, permits or concessions. Amounts paid in ordinary course commercial transactions in exchange for services provided by a payee are excluded.

Production entitlements

A payee's share of oil, gas or mineral production under a production sharing agreement or similar contractual or legislated arrangement is reported under this category. For the year ended December 31, 2016, there were no reportable production entitlement payments to a payee.

Bonuses

Signing, discovery, production and any other type of bonuses paid to a payee are reported under this category.

Dividends

These are dividend payments other than dividends paid to a payee as an ordinary shareholder of Seven Generations. For the year ended December 31, 2016, there were no reportable dividend payments to a payee.

Infrastructure improvement payments

These are payments which relate to the construction of infrastructure that do not relate primarily to the operational purposes of Seven Generations. For the year ended December 31, 2016, there were no reportable infrastructure improvement payments to a payee.

Cash basis

Payments are reported on a cash basis, meaning they are reported in the period in which they are paid. All information is reported in Canadian dollars ("Cdn\$"). Payments to the "same payee" that meet or exceed \$100,000 Cdn in one category of payment are disclosed. Payments are rounded to the nearest \$10,000 Cdn.

Payments made in situations of joint control

Where Seven Generations has itself made a reportable payment to a payee, regardless of whether Seven Generations is the operator, the full amount paid has been disclosed; this is the case even where Seven Generations as the operator has been proportionally reimbursed by its non-operating partners through a partner billing process.