

REPSOL Group

2018 Report on payments
to governments
on oil and gas
exploration and
production activities

*Translation of a report originally
issued in Spanish.
In the event of a discrepancy,
the Spanish language version
prevails*



(1) PRESENTATION

Spanish¹ and European² regulations require that large undertakings and public interest entities which are active in the extractive industry prepare and publish an annual report on payments made to the Governments as a result of their Extractive Operations³.

The Report on Payments to Governments of Repsol, S.A. (the “Report”) which is presented below complies with said regulations and reflects the payments made in the scope of its hydrocarbon exploration and production activity. This Report, therefore, does not refer to the totality of taxes and payments to governments that Repsol makes in all of its activities. For more information on taxes paid, please see section 6.7 *Responsible tax policy* of the Integrated management report and section *Responsible Tax Policy* of our corporate website (<https://www.repsol.com>).

The Report has been approved by the Board of Directors of Repsol, S.A. at a meeting held on February 27, 2019.

(2) BASIS FOR THE ELABORATION OF THE INFORMATION

2.1) Basis of presentation

This Report discloses the payments made to Governments in 2018 as a result of its Extractive Operations, according to the definitions given below.

It includes payments made the Repsol Group, this is by Repsol, S.A. and its controlled⁴ companies (hereinafter ‘Repsol’). This Report does not include payments made by companies over which Repsol, S.A. has ‘joint control’ or ‘significant influence’ (as such terms are defined by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) adopted by the European Union).

This Report only includes payments made directly by Repsol to Governments.

When Repsol makes payments directly to a Government as an operator in a joint operation, the Report presents the payments in full, even where Repsol is proportionally reimbursed by its non-operating project partners through a partner billing process.

On the other hand, when Repsol is not the project operator and payments are made directly by the operator of the project, this amount is not included in this Report even if Repsol pays its proportionate share to the operating partner. Any other payment made by Repsol directly to the Government is included in the Report, even when it is not the operator of the project.

¹ Tenth Additional Provision of Law 22/2015, of July 20, on Audit of Accounts.

² Chapter 10 of Directive 2013/34 / EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC.

³ For further information on exploration and production activities, see section 5.1 *Upstream* of the Consolidated management report and the Information on oil and gas exploration and production activities, which can be found in the corporate website.

⁴ Controlled companies are those which Repsol, S.A. directly or indirectly, controls and fully consolidates in the Consolidated financial statements of the Repsol Group. For further information on the Group’s consolidation scope, see Appendix I of the Repsol Group’s Consolidated financial statements.

The payments are presented in this Report by project when the payments have been attributed to a specific project. However, payments made by Repsol in relation to obligations imposed at company level are presented as the entity that made such payment.

Payments are reported on a cash basis. In-kind payments are converted to an equivalent cash value based on the most appropriate and relevant valuation method for each payment, which can be at cost or market value or such other value as stated in the contract. In-kind payments are reported in both volume and equivalent cash value.

This Report is presented in millions of euros to one decimal place. Payments made in currencies other than the Euro are converted for the purposes of this Report, using the cumulative average exchange rate for the period.

Below are presented the main exchange rates used in the preparation of this Report:

Currency	US Dollar (USD)	Indonesian Rupee (IDR)	Malaysian Ringgit (MYR)	Vietnamese Dong (VND)	Bolivian Peso (BOB)	Peruvian Sol (PES)
Exch. vs. Euro	1.18	16,804.34	4.76	27,174.66	8.21	3.88

2.2) Definitions

Extractive Operations

The Report includes payments to Governments made by Repsol, S.A. and its controlled companies whose activities consist, in whole or in part, of the exploration, prospection, discovery, development and extraction of minerals, oil, natural gas deposits or other materials (Extractive Operations).

Government

Any national, regional or local authority of a country, including a department, agency or undertaking controlled by that authority.

Project

Operational activities that are governed by a single contract, license, lease, concession or similar legal agreements and form the basis for payment liabilities with a government. Nonetheless, if multiple such agreements are substantially interconnected, this shall be considered a project.

Payments

The payments included in the report are classified as follows:

- *Taxes*

Includes taxes levied on the income, profits or taxes levied on production and royalties linked to production. Excludes taxes levied on consumption such as value added taxes, personal income taxes or sales taxes. Payments are reported net of refunds.

- *Production Entitlements*

Share of production allocated to the Government of the country where the Extractive Operations derived from projects operated by the Group are carried out. This includes the government's share as a sovereign entity or through its participation as an equity or interest holder in projects within its sovereign jurisdiction.

Production entitlements arising from activities carried out by state oil companies outside of their respective home countries are excluded.

- *Signature, discovery and production bonuses*

Payments related to signature, discovery and production bonuses. These are usually paid upon the signing of an agreement or contract, or when a commercial discovery is declared, or production has commenced or reached a milestone.

- *Licence fees, rental fees, entry fees and other considerations for licenses and/or concessions*

Payments related to licence fees, rental fees, entry fees and other considerations for licenses or concessions. These are fees and other sums paid as consideration for acquiring a license in order to gain access to an area where extractive activities are being performed.

- *Other*

This heading includes dividends, royalties and payments for infrastructure improvements, grouped together for presentation purposes in this Report. All individual payments in this column are identified by their proper payment category.

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(3) INFORMATION BY COUNTRY

Million euros

	Taxes	Production entitlement	Signature, discovery and production bonuses	License fees, rental fees and other considerations for licenses and/or concessions	Other ⁽¹⁾	TOTAL
Africa	-	-	-	0,1	-	0,1
Algeria	-	-	-	0,1	-	0,1
Asia	394,7	792,2	44,5	3,3	-	1.234,7
Indonesia	193,3	-	-	3,3	-	196,6
Malaysia	129,9	548,7	29,0	-	-	707,6
Vietnam	71,5	243,5	15,5	-	-	330,5
Europe	4,8	-	-	(5,4)	-	(0,6)
Spain	4,8	-	-	-	-	4,8
Norway	-	-	-	(5,4)	-	(5,4)
Latin America	130,9	637,3	168,7	4,5	-	941,4
Bolivia	11,7	562,1	-	1,6	-	575,4
Brazil	-	-	20,9	-	-	20,9
Colombia	2,9	-	-	-	-	2,9
Ecuador	87,3	75,2	-	0,9	-	163,4
Guayana	-	-	-	0,3	-	0,3
Mexico	4,9	-	147,8	1,7	-	154,4
Peru	24,1	-	-	-	-	24,1
North America	66,2	-	-	20,7	0,3	87,2
Canada	17,0	-	-	4,8	-	21,8
United States Of America	49,2	-	-	15,9	0,3	65,4
Oceania	-	-	-	0,2	-	0,2
Papua New Guinea	-	-	-	0,2	-	0,2
	596,6	1.429,5	213,2	23,4	0,3	2.263,0

⁽¹⁾ The amount of 0.3 million of euros included in "Other" corresponds to payments for infrastructure improvements.

(4) INFORMATION PER PROJECT

Million euros

	Taxes	Production entitlement	Signature, discovery and production bonuses	License fees, rental fees and other considerations for licenses and/or concessions	Other	TOTAL
Algeria						
Illizi	-	-	-	0,1	-	0,1
Total	-	-	-	0,1	-	0,1
Bolivia						
Margarita (Caipipendi)/Huacaya	-	551,5	-	1,2	-	552,7
Surubi Noroeste (Mamore)	-	5,6	-	0,2	-	5,8
Monteagudo	-	0,6	-	-	-	0,6
Paloma, Surubi y Surubi (Bloque Bajo)	-	3,8	-	0,2	-	4,0
Cambeiti	-	0,6	-	-	-	0,6
Repsol E&P Bolivia, S.A.	11,7	-	-	-	-	11,7
Total	11,7	562,1	-	1,6	-	575,4
Brazil						
Repsol Exploração Brasil, Ltda.	-	-	20,9	-	-	20,9
Total	-	-	20,9	-	-	20,9
Canada						
Chauvin Alberta/Chauvin	7,1	-	-	1,3	-	8,4
Duvernay	0,4	-	-	0,4	-	0,8
Greater Edson	8,0	-	-	3,1	-	11,1
Repsol Oil & Gas Canada, Inc.	1,5	-	-	-	-	1,5
Total	17,0	-	-	4,8	-	21,8
Colombia						
Repsol Exploración Colombia, S.A.	0,2	-	-	-	-	0,2
Talisman (Colombia) Oil & Gas, Ltd.	2,7	-	-	-	-	2,7
Total	2,9	-	-	-	-	2,9
Ecuador						
Bloque 16	70,0	63,7	-	0,7	-	134,4
Tivacuno	5,3	11,5	-	0,2	-	17,0
Repsol Ecuador, S.A.	12,0	-	-	-	-	12,0
Total	87,3	75,2	-	0,9	-	163,4
United States of America						
Alaska North Slope	-	-	-	2,2	-	2,2
Eagle Ford	9,8	-	-	-	-	9,8
GOM	-	-	-	1,0	-	1,0
Leon	-	-	-	0,3	-	0,3
Marcellus	7,5	-	-	12,4	0,3 ⁽¹⁾	20,2
Shenzi	32,0	-	-	-	-	32,0
Repsol Louisiana Corporation	(0,1)	-	-	-	-	(0,1)
Total	49,2	-	-	15,9	0,3	65,4
Spain						
Repsol Investigaciones Petrolíferas, S.A.	4,8	-	-	-	-	4,8
Total	4,8	-	-	-	-	4,8
Guyana						
Kanuku	-	-	-	0,3	-	0,3
Total	-	-	-	0,3	-	0,3
Indonesia						
Corridor	186,6	-	-	-	-	186,6
Jambi Merang	6,7	-	-	-	-	6,7
Seram	-	-	-	3,3	-	3,3
Total	193,3	-	-	3,3	-	196,6

⁽¹⁾ The amount of 0.3 million of euros included in "Other" corresponds to payments for infrastructure improvements.

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Million euros

	Taxes	Production entitlement	Signature, discovery and production bonuses	License fees, rental fees and other considerations for licenses and/or concessions	Other	TOTAL
Malaysia						
PM3-CAA	49,6 ⁽¹⁾	331,7 ⁽⁵⁾	16,2	-	-	397,5
PM305	5,2 ⁽²⁾	17,6 ⁽⁶⁾	-	-	-	22,8
PM314	0,4 ⁽³⁾	2,1 ⁽⁷⁾	-	-	-	2,5
SB1 Kinabalu Oil	76,3 ⁽⁴⁾	197,3 ⁽⁸⁾	12,8	-	-	286,4
Repsol Oil & Gas Malaysia, Ltd.	(1,6)	-	-	-	-	(1,6)
Total	129,9	548,7	29,0	-	-	707,6
Mexico						
Bloque 05	0,4	-	-	-	-	0,4
Bloque 10	1,0	-	24,6	0,8	-	26,4
Bloque 11	0,5	-	-	-	-	0,5
Bloque 12	0,3	-	-	-	-	0,3
Bloque 14	1,1	-	-	0,9	-	2,0
Bloque 29	1,6	-	123,2	-	-	124,8
Total	4,9	-	147,8	1,7	-	154,4
Norway						
Repsol Norge, AS	-	-	-	(5,4)	-	(5,4)
Total	-	-	-	(5,4)	-	(5,4)
Papua New Guinea						
PDL 10	-	-	-	0,2	-	0,2
Total	-	-	-	0,2	-	0,2
Peru						
Lote 56	0,2	-	-	-	-	0,2
Lote 57	23,3	-	-	-	-	23,3
Lote 88	0,3	-	-	-	-	0,3
Repsol Exploración Perú, S.A.	0,3	-	-	-	-	0,3
Total	24,1	-	-	-	-	24,1
Vietnam						
Block 15-2/01 PC	34,1	-	-	-	-	34,1
Block 46 Cai Nuoc	-	2,9 ⁽²⁾	-	-	-	2,9
PM3-CAA	37,4 ⁽¹⁾	240,6 ⁽³⁾	15,5	-	-	293,5
Total	71,5	243,5	15,5	-	-	330,5
Total	596,6	1.429,5	213,2	23,4	0,3	2.263,0

Malaysia:

- ⁽¹⁾ Includes payments in kind amounting to 1.1 million barrels of oil equivalent (48.0 million euros).
⁽²⁾ Includes payments in kind amounting to 0.1 million barrels of oil equivalent (3.9 million euros).
⁽³⁾ Includes payments in kind amounting to 0.006 million barrels of oil equivalent (0.4 million euros).
⁽⁴⁾ Includes payments in kind amounting to 1.0 million barrels of oil equivalent 58.4 million euros).
⁽⁵⁾ Includes payments in kind amounting to 8.4 million barrels of oil equivalent (331.7 million euros).
⁽⁶⁾ Includes payments in kind amounting to 0.3 million barrels of oil equivalent (17.6 million euros).
⁽⁷⁾ Includes payments in kind amounting to 0.03 million barrels of oil equivalent (2.1 million euros).
⁽⁸⁾ Includes payments in kind amounting to 3.1 million barrels of oil equivalent (197.3 million euros).

Vietnam:

- ⁽¹⁾ Includes payments in kind amounting to 1.1 million barrels of oil equivalent (37.4 million euros).
⁽²⁾ Includes payments in kind amounting to 0.04 million barrels of oil equivalent (2.9 million euros).
⁽³⁾ Includes payments in kind amounting to 5.4 million barrels of oil equivalent (240.6 million euros).

(5) INFORMATION PER GOVERNMENT

Million euros						
	Taxes	Production entitlement	Signature, discovery and production bonuses	License fees, rental fees and other considerations for licenses and/or concessions	Other	TOTAL
Algeria						
DGE (Ministere des Finances)	-	-	-	0,1	-	0,1
Total	-	-	-	0,1	-	0,1
Bolivia						
Ministerio de Hidrocarburos y Energía	-	562,1	-	-	-	562,1
Tributos Fiscales	11,7	-	-	-	-	11,7
Yacimientos Petrolíferos Fiscales Bolivianos (YPFB)	-	-	-	1,6	-	1,6
Total	11,7	562,1	-	1,6	-	575,4
Brazil						
Agência Nacional do Petróleo, Gás Natural e	-	-	20,9	-	-	20,9
Total	-	-	20,9	-	-	20,9
Canada						
Alberta Energy Regulator	-	-	-	2,9	-	2,9
Alberta Petroleum Marketing Commission	7,2	-	-	-	-	7,2
Clearwater County	-	-	-	0,1	-	0,1
Government of Canada	(11,7)	-	-	-	-	(11,7)
Canada Revenue Agency	2,2	-	-	-	-	2,2
MD of Wainwright No 61	-	-	-	0,1	-	0,1
Ministry of Finance - Saskatchewan	0,2	-	-	-	-	0,2
Minister of Finance of Quebec	-	-	-	0,1	-	0,1
Minister of Finance, Province of Alberta	-	-	-	0,1	-	0,1
Province of Alberta	-	-	-	0,1	-	0,1
Province of BC, Energy Mines & Petr	0,5	-	-	-	-	0,5
Government of Alberta	10,3	-	-	-	-	10,3
Government of Ontario	0,6	-	-	-	-	0,6
Provincial Treasurer of Alberta	7,6	-	-	-	-	7,6
Receiver General	0,1	-	-	-	-	0,1
Sustainable Resource Development - Alberta	-	-	-	0,5	-	0,5
The Provincial Treasurer Of Alberta	-	-	-	0,6	-	0,6
Town of Edson	-	-	-	0,1	-	0,1
Yellowhead County	-	-	-	0,2	-	0,2
Total	17,0	-	-	4,8	-	21,8
Colombia						
Administración de Impuestos y Aduanas Nacionales (DIAN)	2,9	-	-	-	-	2,9
Total	2,9	-	-	-	-	2,9
Ecuador						
Servicio de Rentas Internas	87,3	-	-	-	-	87,3
Agencia de Regularizacion y Control	-	-	-	0,3	-	0,3
Ministerio de Energía y Recursos Naturales	-	75,2	-	0,1	-	75,3
Ministerio del Ambiente	-	-	-	0,3	-	0,3
Secretaría de Hidrocarburos	-	-	-	0,2	-	0,2
Total	87,3	75,2	-	0,9	-	163,4
United States of America						
Blossburg Municipal Authority	0,9	-	-	0,1	-	1,0
Bureau of Ocean Energy Management	32,2	-	-	1,4	-	33,6
City of Runge	0,1	-	-	-	-	0,1
Commissioner of the General Land	0,4	-	-	-	-	0,4
Commonwealth of Pennsylvania	6,1	-	-	11,7	-	17,8
Department of Natural Resources	-	-	-	2,3	-	2,3
Northeast Bradford School District	0,2	-	-	-	-	0,2
Northern Tier Solid Waste Authority	0,1	-	-	-	-	0,1
Pa Department of Transportation	-	-	-	-	0,3	0,3
Pennsylvania Game Commission	0,1	-	-	-	-	0,1
Texas Comptroller of Public Accounts	9,2	-	-	-	-	9,2
Susquehanna River Basin Commission	-	-	-	0,3	-	0,3
United States Geological Survey	-	-	-	0,1	-	0,1
Louisiana Department of Revenue	(0,1)	-	-	-	-	(0,1)
Total	49,2	-	-	15,9	0,3	65,4

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Million euros

	Taxes	Production entitlement	Signature, discovery and production bonuses	License fees, rental fees and other considerations for licenses and/or concessions	Other	TOTAL
Spain						
Tesoro Público	4,8	-	-	-	-	4,8
Total	4,8	-	-	-	-	4,8
Guyana						
Guyana Geology and Mines Commission	-	-	-	0,3	-	0,3
Total	-	-	-	0,3	-	0,3
Indonesia						
Directorate General Tax	193,3	-	-	-	-	193,3
Direktorat Jenderal Minyak dan Gas	-	-	-	3,3	-	3,3
Total	193,3	-	-	3,3	-	196,6
Malaysia						
Inland Revenue Board	(1,7)	-	-	-	-	(1,7)
PETRONAS	131,6	548,7	29,0	-	-	709,3
Total	129,9	548,7	29,0	-	-	707,6
Mexico						
Comisión Nacional de Hidrocarburos	-	-	-	1,7	-	1,7
Fondo Mexicano de Petróleo	-	-	147,8	-	-	147,8
Servicio de Administración Tributaria	4,9	-	-	-	-	4,9
Total	4,9	-	147,8	1,7	-	154,4
Norway						
Oljedirektoratet	-	-	-	(5,4)	-	(5,4)
Skatteetaten	-	-	-	-	-	-
Total	-	-	-	(5,4)	-	(5,4)
Papua New Guinea						
Department of Environment and Conservation	-	-	-	0,2	-	0,2
Total	-	-	-	0,2	-	0,2
Peru						
SUNAT	0,2	-	-	-	-	0,2
Organismo de Evaluación y Fiscalización Ambiental	0,2	-	-	-	-	0,2
OSINERGMIN	0,7	-	-	-	-	0,7
Perupetro S.A.	23,0	-	-	-	-	23,0
Total	24,1	-	-	-	-	24,1
Vietnam						
Vietnam Oil and Gas Group	37,4	243,5	15,5	-	-	296,4
Vietnam Tax Authority	34,1	-	-	-	-	34,1
Total	71,5	243,5	15,5	-	-	330,5
Total	596,6	1.429,5	213,2	23,4	0,3	2.263,0