Canadian Energy Centre

Annual Report 2021
Message From the CEO

It has been a gratifying year for the Canadian Energy Centre.

We checked off many milestones/thresholds in our progress, ranging from a national marketing campaign seen by one-in-four Canadians, a million people reached every month through Facebook, and an expanding network of supporters from across Canada and around the world.

And over 60% of our website traffic originates from outside of Alberta.

Our original content has been published by organizations across North America.

Our advocacy campaigns have engaged tens of thousands of Canadians, and a video we produced in partnership with the Indian Resource Council was viewed 500,000 times. The video called on eco-activist Jane Fonda to quit bad-mouthing Alberta energy and have a respectful, fact-based conversation with Stephen Buffalo, the IRC’s CEO. Ms. Fonda never responded, but Mr. Buffalo let Ms. Fonda and anti-oil activists know how important oil and gas is for Canada and the benefits to Indigenous people.

Our competitors in the global marketplace know there will be future demand for oil and gas. Russia is building a $170-billion oil super-project to help meet that demand. China is making deals with Iran to fulfill their demand. Saudi Arabia is positioning itself as the main supplier to control price. Those who live in energy poverty are being driven to look to the worst instead of the best to fulfil their energy needs.

But Canada leads the world in Environmental, Social and Governance (ESG) standards and our oil sands operators are among the biggest spenders in Canada on clean tech. The oil and gas sector outspends all other Canadian industries on environmental protection and yet many would rather shut down our resource sector and defer production to petro-states and other regimes without our leading ESG standards. Canada must be the supplier of choice to meet global demand and help alleviate energy poverty. The CEC will continue to make this case to a national and international audience.

We will promote Canadian natural gas which can reduce global emissions by supplanting coal use in other jurisdictions. As of the end of 2020, there were 350 coal-fired electricity plants under construction globally – 184 of which are in China alone – an opportunity for clean-burning Canadian natural gas to offset those emissions.

We will support and defend the construction of pipelines – whether that is to our coasts or into the US. If the KXL decision taught us one lesson it is that we need our own pipelines to our own coasts.

We will help international banks and insurance companies understand the error of divestment from the most environmentally produced energy in the world.

The Canadian Energy Centre won’t rest in its mission to support Canadian energy – the best in the world.

Tom Olsen
Chief Executive Officer
June 30, 2020
The Canadian Energy Centre ran a high-visibility, high-impact marketing campaign during this fiscal period that highlighted the energy sector as key to Canada’s post-COVID-19 recovery.

From billboards in the GTA to radio ads in Atlantic Canada and B.C., the multi-phased campaign focused on messages that a healthy oil and gas sector supports lives and livelihoods in every part of our great nation. The campaigns, through various channels, reached millions of Canadians — up to 30% of Canadians in fact, based on campaign impressions metrics.

Not only did our marketing and messages reach millions, but the results also showed that among those who recall the campaigns, there was a positive reaction, and declining negativity towards the oil & gas sector, with nearly 70% recognizing the industry as a critical contributor to government revenues, nearly 60% seeing the industry as an important source of jobs now and in the future, and over 50% viewing the industry as critical to help the post-Covid economy recovery.

With the objective of creating awareness of the energy sector’s economic, community and sustainability impacts, we drove hundreds of thousands of Canadians to the Energy Centre’s website to learn more and become engaged in the future of the oil and gas industry in Canada.
Content

CEC’s content team delivers fact-based articles targeted to showcase the leadership of Canada’s oil and gas sector in environmental, social and governance (ESG) performance, and respond to misinformation. The goal of the content team is to provide both energy literacy and rapid response.

We tell the good news about Canada’s energy industry that readers won’t find in mainstream media, often through personal stories about the sector’s positive impacts for Canadians.

Over the last year the content team published approximately 125 articles including 29 on environmental performance and technological innovation, 25 on Indigenous benefits and opportunities, 22 on the sector’s economic contributions (particularly in the recovery from COVID-19), 21 on Canada’s role in global oil and gas markets, and 18 Matter of Fact pieces responding to misinformation.

We also published our Introduction to Canadian Energy brochure, a two-page reference guide with quick facts about Canada’s leadership in oil and gas development.

In the year ahead, we will continue to sharpen our content delivery to align with our marketing and advocacy campaigns. We will also continue increasing the number of stories we tell through the personal lens of Canadians who contribute to and benefit from Canada’s energy leadership.
Advocacy

Over the last year, the CEC built a robust and national network of energy supporters to help amplify its advocacy campaigns and content to an ever-growing audience. Using a variety of platforms, we conducted several successful campaigns that raised awareness, pushed back against falsehoods about the industry, and helped defeat a proposed policy that would have seen oil and gas sponsorships in the City of Regina banned.

Facebook was identified as a key social media platform for the CEC. At the end of March 2020, the CEC’s Facebook page had 1,600 followers. One year later, the network has surpassed 50,000 users sharing campaigns and content as well as self-policing those using the platform to disparage the industry. Our content reaches more than 1 million Canadians every month on Facebook and our other social channels.

Our advocacy site, supportcanadianenergy.ca, is used to promote national campaigns and distribute weekly newsletters sharing the CEC’s latest content, research and advocacy efforts. Since launching in August 2020, the site has built a network of more than 26,000 supporters to engage with and back campaigns demanding support for critical energy projects from political leaders and responding to groups which unfairly demonize Canada's world class energy industry.

Some of our campaigns over the last year include:

- Nearly 12,000 supporters signed a pledge to reduce Canada’s dependency on foreign oil imports;
- More than 6,000 supporters sent emails to their MPs demanding they stand up for Canadian oil and gas by supporting key energy projects;
- Nearly 2,000 emails were sent from CEC supporters to the mayor and council of Regina as they considered a ban on all municipal oil and gas sponsorships. Ultimately, the council voted unanimously against the motion, after Mayor Sandra Masters said they received an “avalanche of responses”;
- Working with Stephen Buffalo of the Indian Resource Council of Canada, CEC supporters challenged celebrity activist Jane Fonda to join the respected Indigenous leader in a virtual dialogue to address her misconceptions about Canada’s oil sands. Nearly 6,000 Canadians signed an open letter to Ms. Fonda and Buffalo’s invitation video was viewed more than 500,000 times on our social media platforms.

- A campaign in March 2021 drove thousands of our supporters to sign an official House of Commons petition in support of Enbridge’s Line 5 pipeline, which had its permit revoked by Michigan’s governor. Thanks in part to CEC supporters, the official petition surpassed 10,000 signatures;
Over the last year, the Canadian Energy Centre has seen tremendous growth on its primary platform, the canadiantenergycentre.ca website.

Regular traffic to the website grew month-over-month, culminating in a significant uptick at the beginning of 2021 following U.S. President Joe Biden’s decision to cancel the permit for the Keystone XL pipeline. That momentum has continued over the first quarter of 2021 as we continue to reach new audiences through advocacy and awareness campaigns.

On average, fully two-thirds of visitors to the CEC website are from outside Alberta, and that ratio has widened even further in 2021. At least 10% of the CEC’s regular audience is from the United States, a ratio that has likewise grown since the beginning of 2021 as we have become part of the international conversation around energy and its future.

Visitors from nearly 200 countries came to the CEC website over the last year, with dedicated audiences developing in the United Kingdom, India, Nigeria, Australia, Mexico, China, Germany the Netherlands and the United Arab Emirates.

That growth and progress continued with a massive redesign to the CEC website during the second quarter of 2020/2021 to a purpose-built platform designed to better serve our unique content needs, including specialized search functionality for our research assets. The new platform is designed with mobile and social media users in mind, recognizing those are the primary tools people now use to access digital content.

More than 40% of all traffic to the CEC website is driven from its social media channels. The remainder comes from direct visits, organic searches and advertising referrals. Two-thirds of CEC website visits are on mobile devices, 25% from computers and just under 10% from tablets.
In 2020-21, the research unit at the Canadian Energy Centre the published 69 items consisting of 40 studies and 29 columns.

- 30 Fact Sheets (short 4- to 6-page analyses with data and charts) including 29 English Fact Sheets and 1 French Fact Sheet;
- 10 Research Briefs (longer analyses of issues with data and charts and ranging from 10 to 30 pages);
- 29 columns, including columns reproduced in Canadian newspapers and online.

The goal of the research unit is to find data not readily accessible and/or not in one document, compile, and display in a public-friendly format for any audience, be it a member of the general public, media, those in business or in government.

Examples of research published by the Canadian Energy Centre in 2020/21 included: measurements of Indigenous involvement in the oil and gas sector; new Canadian involvement in the oil and gas sector; cross-country comparisons of employment (Canada versus Australia and the United States); revenues to Canadian governments from energy and the oil and gas industry; an historical and current look at greenhouse gas emissions from Canada and the energy sector; exports of oil and gas and international comparisons to Canada; insurance divestment analyses; sector comparisons in Canada (oil and gas, automotive, aerospace) on GDP, employment and tax revenues; among many other publications.
Dependency on Tyranny Oil and Gas in the G20 Democracies

Five democratic G20 nations rely heavily on oil imports deemed to be 'Not Free'

Russia’s President Vladimir Putin at the 2019 G20 Summit in Osaka, Japan. Getty Images photo

To sign up to receive the latest Canadian Energy Centre research to your inbox email: research@canadianenergycentre.ca

Dependency on Tyranny Oil and Gas in the G20 Democracies

Canadian Energy Centre

CEC Research Brief Seven
Mark Milke & Ven Venkatachalam | November 2020
The CEC is committed to the highest standards of ethical and accountable conduct and complies with the laws and regulations that protect the CEC operations, funds and resources from mismanagement. This is outlined in a number of policies developed for this purpose which include the Code of Business Conduct and Ethics, Respect for Each Other Policy, and importantly, the Whistleblower Policy. Our Whistleblower Policy helps ensure this commitment is upheld by providing CEC employees with guidance on how to deter, detect and disclose wrongdoing within the organization.

In 2020/21, the CEC did not receive any disclosures, nor were any disclosures referred to the CEC designated officer. As such, there were no investigations conducted under this policy.
In the previous Annual Report, the CEC committed to a number of targets for this fiscal year. We are pleased to have met the targets that were set.

| 1 | Develop and implement a robust procurement policy and procedure including: Delegation of Authority; Preferred Vendor Procedure; Confidential Contracting Procedure; and Expenditure guidelines. | Result – Completed. As a new agency, these policies were integral to ensuring appropriate operations. The titles of the finalized policies and procedures were; Expenditure and Procurement Policy (which included confidential contracting); Expenditure Guidelines and Procedures; Procurement Procedure (which included preferred vendor process); Delegation of Authority; and Code of Business Conduct and Ethics. |
| 2 | Development and implement partnership and sponsorship policy, guidelines and procedures. | Result – Completed. While the CEC is funded by a grant from the TIER program, we ourselves cannot be a granting agency. The policy reflects this reality and proper protocols developed to ensure third party partnerships are appropriately managed. |
| 3 | Develop and implement policy and procedures related to: Conflicts of Interest; Whistleblower; Code of Business Conduct and Ethics; Talent Recruitment; Travel; and Respect in the Workplace. | Result – completed. All policies and procedures were developed based on Government of Alberta and corporate best practices. |
| 4 | Using the procurement policy, hire an agency of record to provide marketing materials. | Result – Delayed. When COVID hit, the CEC budget was significantly reduced to approximately $4.7 million. The process to hire an agency of record is prepared and expected to be executed in 2021-22. |
Develop a significant amount of research including:
Research Briefs; Fact Sheets; and External research projects.

Result – Completed. The Research Branch of the CEC released 30 Fact Sheets, 10 Research Briefs and used Navius and Stokes as external partners to model different outcome-based research initiatives such as the Paris 2030 targets. CEC Research also created another asset called Snapshots used to provide shorter facts for the public. Finally, CEC Research published 29 columns in a wide variety of media outlets across Canada.

Grow our social network to 50,000 identifiable individuals and we commit to reaching 500,000 unique users each month.

Result – Completed. In addition to those targets, the CEC also added a goal of growing our emailable database of supporters to 25,000 individuals by end of fiscal year. This was added after the 2019-2020 Annual Report was completed. Over the course of the fiscal year the CEC grew the social network to over 50,000 individuals on Facebook, 25,000 emailable supporters through our NationBuilder microsite, and exceeded our target of 500,000 unique users per month, reaching 1 million unique users each month as of January 2021.

Continue to tell Canadians about Canadian oil and gas and how it benefits them individually.

Result – Completed. This is culmination of all the information provided in this Annual Report. From the research developed, to the content written, to the national advertising campaign, everything the CEC has done supports this target.
2021-2022 Targets

We continue to operate in the most efficient and practical way possible. As we committed in the last Annual Report, we are providing defensible targets and metrics for public to review and hold the organization to account.

1. Content
CEC’s content team targets publishing: 115 pieces of content
- This includes 10 or more by Indigenous contributors
- 24 or more by carefully selected freelance writers.

2. Advocacy
The CEC advocacy team will:
- Expand the monthly reach on social media channels to 1.5 million Canadians every month;
- Increase our social media followers to 100,000;
- Expand to other platforms to deliver our message to Canadians, focusing on key regions and demographics; and
- Double our database of emailable supporters to reach 50,000.

3. Research
The CEC Research team will provide original publications and products:
- 25 Fact Sheets (shorter analyses);
- 6 Research Briefs (longer analyses);
- 26 Snapshots – quick look at energy issues from a statistical perspective;
- 4 Energy Literacy products; and
- 31 columns.

4. Marketing
CEC will continue to run national campaigns supporting responsibly developed Canadian Energy including:
- Support of Canadian pipelines to our own shores;
- The benefit of Canadian natural gas to the global marketplace;
- In consultation with the ESG Secretariat and Invest Alberta, ensuring the international community understands the leadership of Canadian energy in ESG.
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Management’s Responsibility for Financial Reporting

The accompanying Canadian Energy Centre Ltd. (CEC) financial statements have been prepared and presented by management, who is responsible for the integrity and fair presentation of the information.

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards. The financial statements necessarily include certain amounts based on the informed judgments and best estimates of management.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the CEC has developed and maintained a system of internal control to produce reliable information for reporting requirements. The systems are designed to provide reasonable assurance that CEC transactions are properly authorized, assets are safeguarded from loss and the accounting records are a reliable basis for the preparation of the financial statements.

The Auditor General of Alberta, the CEC’s external auditor appointed under the Auditor General Act, performed an independent external audit of these financial statements in accordance with Canadian generally accepted auditing standards and has expressed his opinion in the accompanying Independent Auditor’s Report.

CEC’s board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. In both the presence and absence of management, the CEC’s board meets with the external auditors to discuss the audit, including any findings as to the integrity of financial reporting processes and the adequacy of our systems of internal controls. The external auditors have full and unrestricted access to the CEC’s board.

[Original signed by Tom Olsen]

Chief Executive Officer/Managing Director
June 16, 2021
Independent Auditor’s Report

To the Board of Directors of the Canadian Energy Centre Ltd.

REPORT ON THE FINANCIAL STATEMENTS

Opinion
I have audited the financial statements of the Canadian Energy Centre Ltd. (the CEC), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the CEC as at March 31, 2021, and the results of its operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion
I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the CEC in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information
Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor’s report thereon. The Annual Report is expected to be made available to me after the date of this auditor’s report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the CEC’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the CEC’s financial reporting process.
**Auditor’s responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 CEC’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the CEC’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the CEC to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]

Auditor General

June 16, 2021

Edmonton, Alberta
## Statement of Operations

*Year Ended March 31, 2021*

<table>
<thead>
<tr>
<th></th>
<th>2021 Budget</th>
<th>2021 Actual</th>
<th>For the Period October 9, 2019 to March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government transfers</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Government of Alberta grants</td>
<td>$1,673,443</td>
<td>$1,673,433</td>
<td>$5,000,000</td>
</tr>
<tr>
<td><strong>Expenses (Schedule 1)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resource Development and Management</td>
<td>4,702,370</td>
<td>3,734,983</td>
<td>1,971,073</td>
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<tr>
<td><strong>Annual operating (deficit) / surplus</strong></td>
<td>(3,028,927)</td>
<td>(2,061,540)</td>
<td>3,028,927</td>
</tr>
<tr>
<td><strong>Annual (deficit) / surplus</strong></td>
<td>(3,028,927)</td>
<td>(2,061,540)</td>
<td>3,028,927</td>
</tr>
<tr>
<td>Share capital (Note 10)</td>
<td>-</td>
<td>-</td>
<td>6,800</td>
</tr>
<tr>
<td>Accumulated surplus at beginning of year</td>
<td>117,375</td>
<td>3,035,727</td>
<td>-</td>
</tr>
<tr>
<td><strong>Accumulated surplus at end of year (Note 9)</strong></td>
<td>$ (2,911,552)</td>
<td>$ 974,187</td>
<td>$ 3,035,727</td>
</tr>
</tbody>
</table>

The accompanying notes and schedules are part of these financial statements.
# Statement of Financial Position

*As at March 31, 2021*

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents (Note 5)</td>
<td>$1,846,504</td>
<td>$2,707,258</td>
</tr>
<tr>
<td>Accounts receivable (Note 6)</td>
<td>99,875</td>
<td>1,068,576</td>
</tr>
<tr>
<td><strong>Total Financial Assets</strong></td>
<td><strong>1,946,379</strong></td>
<td><strong>3,775,834</strong></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
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<tr>
<td>Accounts payable and accrued liabilities (Note 8)</td>
<td>1,015,679</td>
<td>771,592</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>1,015,679</strong></td>
<td><strong>771,592</strong></td>
</tr>
<tr>
<td><strong>Net Financial Assets</strong></td>
<td><strong>930,700</strong></td>
<td><strong>3,004,242</strong></td>
</tr>
<tr>
<td><strong>Non-Financial Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>43,487</td>
<td>31,485</td>
</tr>
<tr>
<td><strong>Total Non-Financial Assets</strong></td>
<td><strong>43,487</strong></td>
<td><strong>31,485</strong></td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated surplus (Note 9)</td>
<td>974,187</td>
<td>3,035,727</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td><strong>974,187</strong></td>
<td><strong>3,035,727</strong></td>
</tr>
</tbody>
</table>

Contingent liabilities (Note 11)
Contractual obligations (Note 12)

The accompanying notes and schedules are part of these financial statements

Approved by: __________________________  Approved by: __________________________

[Original signed by Hon. Sonya Savage]  [Original signed by Tom Olsen]
Chair of the Board of Directors  Chief Executive Officer/Managing Director
## Statement of Change in Net Financial Assets

*Year Ended March 31, 2021*

<table>
<thead>
<tr>
<th></th>
<th>2021 Budget</th>
<th>2021 Actual</th>
<th>For the Period October 9, 2019 to March 31, 2020 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual (deficit) / surplus</strong></td>
<td>$ (3,028,927)</td>
<td>$ (2,061,540)</td>
<td>$ 3,028,927</td>
</tr>
<tr>
<td>Share capital</td>
<td>-</td>
<td>-</td>
<td>6,800</td>
</tr>
<tr>
<td>Increase in prepaid expenses</td>
<td>-</td>
<td>(12,002)</td>
<td>(31,485)</td>
</tr>
<tr>
<td><strong>(Decrease) / increase in net financial assets</strong></td>
<td>3,028,927</td>
<td>2,073,542</td>
<td>3,004,242</td>
</tr>
</tbody>
</table>

| Net financial assets at beginning of year         | 117,375           | 3,004,242         | -                                                     |
| Net financial assets at end of year               | $ (2,911,552)     | $ 930,700         | $ 3,004,242                                           |

The accompanying notes and schedules are part of these financial statements.
### Statement of Cash Flows

**Year Ended March 31, 2021**

<table>
<thead>
<tr>
<th>Operating transactions</th>
<th>2021</th>
<th>For the Period October 9, 2019 to March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual (deficit) / surplus</td>
<td>$ (2,061,540)</td>
<td>$ 3,028,927</td>
</tr>
<tr>
<td>(Increase)/decrease in accounts receivable</td>
<td>968,701</td>
<td>(1,068,576)</td>
</tr>
<tr>
<td>Increase in prepaid expenses</td>
<td>(12,002)</td>
<td>(31,485)</td>
</tr>
<tr>
<td>Increase in accounts payable and accrued liabilities</td>
<td>244,087</td>
<td>771,592</td>
</tr>
<tr>
<td>Cash (applied to) provided by operating transactions</td>
<td>(860,754)</td>
<td>2,700,458</td>
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</table>

<table>
<thead>
<tr>
<th>Financing transactions</th>
<th>2021</th>
<th>For the Period October 9, 2019 to March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>-</td>
<td>6,800</td>
</tr>
<tr>
<td>Cash provided by financing transactions</td>
<td>-</td>
<td>6,800</td>
</tr>
</tbody>
</table>

**(Decrease) / increase in cash and cash equivalents**

<table>
<thead>
<tr>
<th>2021</th>
<th>For the Period October 9, 2019 to March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>2,707,258</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>$ 1,846,504</td>
</tr>
</tbody>
</table>

The accompanying notes and schedules are part of these financial statements.
CANADIAN ENERGY CENTRE LTD.

Notes to the Financial Statements

Year Ended March 31, 2021

NOTE 1 AUTHORITY

The Canadian Energy Centre Ltd. (the “Corporation”) is a provincial corporation incorporated under the Business Corporations Act (Alberta) on October 9, 2019.

The Corporation is wholly owned by Her Majesty the Queen in the Right of Alberta as represented by the Minister of Energy. It is governed by a Board of Directors appointed by the Province. The Board consists of three Cabinet Ministers appointed by the Government of Alberta.

The mandate of the Corporation is to promote Canada as the supplier of choice for the world’s growing demand for responsibly produced energy.

As a provincial corporation, the Corporation is exempt from income taxes under the Income Tax Act.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Basis of Financial Reporting

Revenues
All revenues are reported on the accrual basis of accounting.

Government Transfers
Transfers from all governments are referred to as government transfers.

Government transfers and associated externally restricted investment income are recognized as deferred contributions if the eligibility criteria for use of the transfer, or the stipulations together with the Corporation’s actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, the Corporation complies with its communicated use of these transfers.
(a) Basis of Financial Reporting (Cont’d)

All other government transfers, without stipulations for use of the transfer, are recognized as revenue when the transfer is authorized, and the Corporation meets the eligibility criteria (if any).

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Valuation of Financial Assets and Liabilities

The Corporation's financial assets and liabilities are generally measured as follows:

<table>
<thead>
<tr>
<th>Financial Statement Component</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>Cost</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>Lower of cost or net recoverable value</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>Cost</td>
</tr>
</tbody>
</table>

The Corporation does not have any financial instruments classified in the fair value category and does not hold derivative contracts. Therefore, these statements do not present a statement of remeasurement gains and losses as the Corporation is not exposed to remeasurement gains and losses.

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets are the Corporation's financial claims on external organizations and individuals at the year end.

Cash and cash equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid, investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

Accounts receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.
Liabilities

Liabilities are present obligations of the Corporation to external entities and individuals arising from past transactions or events occurring before the year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

Non-Financial Assets

Non-financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

a. are normally employed to deliver the Corporation services;
b. may be consumed in the normal course of operations; and
c. are not for sale in the normal course of operations.

Non-financial assets are limited to prepaid expenses.

Tangible Capital Assets

Tangible capital assets are recognized at cost less accumulated amortization, which includes amounts that are directly related to the acquisition, design, construction, development, improvement, or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives.

The capitalization threshold for all capital assets is $2,000. The Corporation, however, does not have any capital assets. Therefore, there is no tangible capital assets reported in the financial statements.

Prepaid expenses

Prepaid expenses are recognized at cost and amortized based on the terms of the agreement.

Measurement Uncertainty

The World Health Organization declared on March 11, 2020 the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus and provide financial assistance, as necessary. The duration and impact of COVID-19 are unknown at this time and it is not possible to reliably estimate the effect these developments will have on the Corporation's financial statements.
NOTE 3  FUTURE CHANGES IN ACCOUNTING STANDARDS

The Public Sector Accounting Board has approved the following accounting standards:

- **PS 3280 Asset Retirement Obligations (effective April 1, 2022)**
  This standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

- **PS 3400 Revenue (effective April 1, 2023)**
  This standard provides guidance on how to account for and report on revenue, and specifically, it differentiates between revenue arising from exchange and non-exchange transactions.

The Corporation has not yet adopted these standards. Management is currently assessing the impact of these standards on the Corporation’s financial statements.

NOTE 4  BUDGET

A budgeted deficit of $1,146,957 was approved by the Board on March 30, 2020. In addition, $1,881,970 was approved by the board for additional expenses - which brought the total budget expenses to $4,702,370. The budget reported in the Statement of Operations reflects the original Corporation deficit and additional reclassifications required for more consistent presentation with current and prior year results.

<table>
<thead>
<tr>
<th>Year ended March 31, 2021</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications and Marketing</td>
<td>$1,854,000</td>
</tr>
<tr>
<td>Salaries and Benefits</td>
<td>1,680,000</td>
</tr>
<tr>
<td>Contingency - Other</td>
<td>317,370</td>
</tr>
<tr>
<td>Office Infrastructure</td>
<td>186,000</td>
</tr>
<tr>
<td>Accounting</td>
<td>150,000</td>
</tr>
<tr>
<td>Research External</td>
<td>150,000</td>
</tr>
<tr>
<td>Social Advertising</td>
<td>130,000</td>
</tr>
<tr>
<td>Website</td>
<td>100,000</td>
</tr>
<tr>
<td>Legal</td>
<td>60,000</td>
</tr>
<tr>
<td>Research Internal</td>
<td>30,000</td>
</tr>
<tr>
<td>General and Administrative Expenses</td>
<td>27,000</td>
</tr>
<tr>
<td>Information Technology</td>
<td>18,000</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$4,702,370</strong></td>
</tr>
</tbody>
</table>
NOTE 5  CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$1,846,504</td>
<td>$2,707,258</td>
</tr>
<tr>
<td></td>
<td>$1,846,504</td>
<td>$2,707,258</td>
</tr>
</tbody>
</table>

NOTE 6  ACCOUNTS RECEIVABLE

Accounts receivable are unsecured and non-interest bearing.

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts receivable:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from the Government of Alberta</td>
<td>$ -</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>GST Receivable</td>
<td>$99,875</td>
<td>$68,576</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$99,875</td>
<td>$1,068,576</td>
</tr>
</tbody>
</table>

NOTE 7  FINANCIAL RISK MANAGEMENT

The Corporation is exposed to some financial risks. These financial risks include credit risk and liquidity risk.

(a) Credit Risk

Credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations with the Corporation. Credit risk on accounts receivable is considered low.

As of March 31, 2021, the balance of accounts receivable does not contain amounts that were uncollectible.

(b) Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities. Liquidity requirements of the Corporation are met through adequate grants from the Ministry. The Corporation manages liquidity risks by its budget processes and regularly monitoring cash flows to ensure the necessary funds are on hand to fulfill upcoming obligations, including operating expenses.
NOTE 8  ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Payable</td>
<td>$ 473,643</td>
<td>$ 512,754</td>
</tr>
<tr>
<td>Accrued Accounts Payable</td>
<td>472,731</td>
<td>168,053</td>
</tr>
<tr>
<td>ATB Alberta Rewards Business Card</td>
<td>8,436</td>
<td>10,263</td>
</tr>
<tr>
<td>Accrued Salaries and Wages</td>
<td>-</td>
<td>53,719</td>
</tr>
<tr>
<td>Vacation Payable</td>
<td>60,869</td>
<td>26,803</td>
</tr>
<tr>
<td><strong>Balance at end of year</strong></td>
<td>$ 1,015,679</td>
<td>$ 771,592</td>
</tr>
</tbody>
</table>

NOTE 9  ACCUMULATED SURPLUS
Accumulated surplus is comprised of the following:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>$ 3,035,727</td>
<td>-</td>
</tr>
<tr>
<td>Annual (deficit) / surplus</td>
<td>(2,061,540)</td>
<td>3,028,927</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>974,187</td>
<td>3,028,927</td>
</tr>
</tbody>
</table>

**Share capital:**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Common Share</td>
<td>-</td>
<td>6,800</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>6,800</td>
</tr>
<tr>
<td><strong>Balance at end of year</strong></td>
<td>$ 974,187</td>
<td>$ 3,035,727</td>
</tr>
</tbody>
</table>
NOTE 10 SHARE CAPITAL
Share capital is comprised of the following:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Common Share</td>
<td>$6,800</td>
<td>$6,800</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$6,800</td>
<td>$6,800</td>
</tr>
</tbody>
</table>

NOTE 11 CONTINGENT LIABILITIES
As of March 31, 2021, the Corporation was not named as defendant in any specific legal actions.

NOTE 12 CONTRACTUAL OBLIGATIONS
Contractual obligations are obligations of the Corporation to others that will become liabilities in the future when the terms of those contracts or agreements are met.

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obligations under contracts</td>
<td>$269,950</td>
<td>$260,304</td>
</tr>
<tr>
<td>Balance at end of year</td>
<td>$269,950</td>
<td>$260,304</td>
</tr>
</tbody>
</table>

Estimated payment requirement for the next one year is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Contracts</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021-2022</td>
<td>$269,950</td>
<td>$269,950</td>
</tr>
</tbody>
</table>

NOTE 13 APPROVAL OF FINANCIAL STATEMENTS
The Board approved the financial statements of the Corporation.
## Expenses – Detailed by Object

**Year Ended March 31, 2021**

<table>
<thead>
<tr>
<th></th>
<th>Budget</th>
<th>Actual</th>
<th>Actual *</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>For the Period</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>October 9, 2019 to March 31, 2020</td>
<td></td>
</tr>
<tr>
<td>Salaries and Benefits</td>
<td>$1,680,000</td>
<td>$1,630,505</td>
<td>$495,849</td>
</tr>
<tr>
<td>Communications and Marketing</td>
<td>1,854,000</td>
<td>1,204,560</td>
<td>1,011,229</td>
</tr>
<tr>
<td>Social Advertising</td>
<td>130,000</td>
<td>294,889</td>
<td>78,919</td>
</tr>
<tr>
<td>Accounting</td>
<td>150,000</td>
<td>150,000</td>
<td>62,500</td>
</tr>
<tr>
<td>Contingency - Other</td>
<td>317,370</td>
<td>123,517</td>
<td>-</td>
</tr>
<tr>
<td>Research External</td>
<td>150,000</td>
<td>106,338</td>
<td>21,545</td>
</tr>
<tr>
<td>Office Infrastructure</td>
<td>186,000</td>
<td>78,225</td>
<td>36,579</td>
</tr>
<tr>
<td>Website</td>
<td>100,000</td>
<td>76,536</td>
<td>90,259</td>
</tr>
<tr>
<td>Legal</td>
<td>60,000</td>
<td>34,050</td>
<td>51,612</td>
</tr>
<tr>
<td>Research Internal</td>
<td>30,000</td>
<td>20,770</td>
<td>3,394</td>
</tr>
<tr>
<td>General and Administrative Expenses</td>
<td>27,000</td>
<td>9,593</td>
<td>107,958</td>
</tr>
<tr>
<td>Information Technology</td>
<td>18,000</td>
<td>6,000</td>
<td>11,229</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$4,702,370</strong></td>
<td><strong>$3,734,983</strong></td>
<td><strong>$1,971,073</strong></td>
</tr>
</tbody>
</table>

* 2020 numbers have been reclassified for more consistent presentation with current and prior period results
## Salary and Benefits Disclosure

**Year Ended March 31, 2021**

<table>
<thead>
<tr>
<th>Sala Excutiive Officer (CEO) (3)</th>
<th>Base Salary (1)</th>
<th>Other Cash Benefits (2)</th>
<th>Total 2021</th>
<th>Total For the Period October 9, 2019 to March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer (CEO)</td>
<td>$194,252</td>
<td>$46,620</td>
<td>$240,872</td>
<td>$115,804</td>
</tr>
<tr>
<td>Executive Director (4)</td>
<td>171,600</td>
<td>41,184</td>
<td>212,784</td>
<td>71,201</td>
</tr>
<tr>
<td>Executive Director (5)</td>
<td>171,600</td>
<td>41,184</td>
<td>212,784</td>
<td>38,465</td>
</tr>
</tbody>
</table>

**Total Expenses**

<table>
<thead>
<tr>
<th>Total Expenses</th>
<th>Base Salary (1)</th>
<th>Other Cash Benefits (2)</th>
<th>Total 2021</th>
<th>Total For the Period October 9, 2019 to March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$537,452</td>
<td>$128,988</td>
<td>$666,440</td>
<td>$225,470</td>
</tr>
</tbody>
</table>

The Chair and Members of the Board of Directors receive no remuneration for participation on the Board.

(1) Base salary includes regular salary

(2) Other cash benefits include compensation in lieu of pension and health benefits. No bonuses were paid during the year.

(3) CEO was hired on October 9, 2019 with an annual base salary of $194,252 and additional 14% and 10% of the annual base salary in lieu of pension and health benefits, respectively.

(4) Executive Director was hired on December 1, 2019 with an annual base salary of $171,600 and additional 14% and 10% of the annual base salary in lieu of pension and health benefits, respectively.

(5) Executive Director was hired on January 27, 2020 with an annual base salary of $171,600 and additional 14% and 10% of the annual base salary in lieu of pension and health benefits respectively.
Related Party Transactions

*Year Ended March 31, 2021*

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta’s Consolidated Financial Statements. Related parties also include key management personnel and close family members of those individuals in the Corporation.

The Corporation had the following transactions with related parties reported in the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

<table>
<thead>
<tr>
<th>For the Period</th>
<th>October 9, 2019 to March 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>$ 1,673,443</td>
</tr>
<tr>
<td></td>
<td>$ 5,000,000</td>
</tr>
<tr>
<td></td>
<td>$ 1,673,443</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
</tr>
<tr>
<td>Rent</td>
<td>$ 57,354</td>
</tr>
<tr>
<td></td>
<td>$ 30,498</td>
</tr>
<tr>
<td>Insurance Coverage</td>
<td>1,394</td>
</tr>
<tr>
<td></td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>$ 58,748</td>
</tr>
<tr>
<td><strong>Receivable from the Department of Energy</strong></td>
<td>$ -</td>
</tr>
<tr>
<td></td>
<td>$ 1,000,000</td>
</tr>
<tr>
<td><strong>Common Shares - Department of Energy</strong></td>
<td>$ 6,800</td>
</tr>
<tr>
<td></td>
<td>$ 6,800</td>
</tr>
<tr>
<td><strong>Payable to Alberta Infrastructure</strong></td>
<td>$ 20,074</td>
</tr>
<tr>
<td></td>
<td>$ 25,222</td>
</tr>
</tbody>
</table>
Learn more at:
canadianenergycentre.ca

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