

Extractive Sector Transparency Measures Act - Annual Report

Reporting Entity Name	Canadian Malartic Corporation					
Reporting Year	From	2019-01-01	To:	2019-12-31	Date submitted	2020-06-25
Reporting Entity ESTMA Identification Number	E702970	<input checked="" type="radio"/> Original Submission <input type="radio"/> Amended Report		Report Version		Enter Version Number of Report
Other Subsidiaries Included (optional field)						
For Consolidated Reports - Subsidiary Reporting Entities Included in Report:	E278590 - Canadian Malartic GP					
Not Substituted						
Attestation Through Independent Audit						
<p><i>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.</i></p> <p><i>The auditor expressed an unmodified opinion, dated 2020-06-25, on the ESTMA report for the entity(ies) and period listed above.</i></p> <p><i>The independent auditor's report can be found at: https://canadianmalartic.com/wp-content/uploads/ESTMA-2019-Annual-report.pdf</i></p>						
Full Name of Director or Officer of Reporting Entity	Vanessa Laplante			Date	2020-06-25	
Position Title	Tax Director					

Reporting Entities May
Insert Their Brand/Logo here

Extractive Sector Transparency Measures Act - Annual Report

Reporting Year	From: 2019-01-01	To: 2019-12-31	Currency of the Report CAD
Reporting Entity Name	Canadian Malartic Corporation		
Reporting Entity ESTMA Identification Number	E702970		
Subsidiary Reporting Entities (if necessary)	E278590 - Canadian Malartic GP		

Payments by Payee

Country	Payee Name ¹	Departments, Agency, etc... within Payee that Received Payments ²	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes ³⁴
Canada - Quebec	Gouvernement of Québec		\$91,280,000	210,000	\$530,000					\$92,020,000	Note 1
Canada - Quebec	Commission scolaire de L'Or et des Bois		\$110,000							\$110,000	
Canada - Quebec	University du Québec en Abitibi				\$960,000					\$960,000	
Canada - Quebec	City of Malartic		\$3,170,000		\$480,000					\$3,650,000	

Additional Notes: Note 1: Detail of taxes paid: Revenue Quebec: \$75,280,000; Ministère des Finances: \$16,000,000.
 Detail of royalties paid: Ministère des Finances: \$210,000
 Detail of fees paid: Ministère des Finances: \$450,000; Revenue Quebec: \$40,000; Ministère Forêt de la faune et des parcs: \$20,000; CISSS de l'Abitibi-Témiscamingue (R-N): \$10,000; CNESST: \$10,000.



Independent auditor's report

To the Management of
Canadian Malartic GP

Our opinion

In our opinion, the accompanying Extractive Sector Transparency Measures Act (ESTMA) and the Quebec Act – Annual Report (the financial information) of Canadian Malartic GP (the Company) for the year ended December 31, 2019 is prepared, in all material respects, in accordance with the basis of accounting described in the notes to the financial information.

What we have audited

The Company's financial information comprises the schedules of payments by payee and payments by project for the year ended December 31, 2019 and the notes to the financial information, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial information* section of our report.

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial information in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – basis of accounting

We draw attention to the notes to the financial information, which describe the basis of accounting. The financial information is prepared to assist the Company in complying with the reporting requirements of the ESTMA and the reporting requirements of the Quebec Act. As a result, the financial information may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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Responsibilities of management and those charged with governance for the financial information

Management is responsible for the preparation of the financial information in accordance with the reporting requirements of the ESTMA and the reporting requirements of the Quebec Act, and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 this financial information.

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

- Identify and assess the risks of material misstatement of the financial information, 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 our 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



We 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 we identify during our audit.

PricewaterhouseCoopers LLP¹

Montréal, Quebec
June 25, 2020

¹ CPA auditor, CA, public accountancy permit No. A128042

INTRODUCTION

Canadian Malartic GP (the “Company” or “Canadian Malartic”) has prepared the following audited report (the “Report”) of payments made to government entities for the year ended December 31, 2019 as required by the Extractive Sector Transparency Measures Act S.C. 2014, c.39, s.376 (“ESTMA” or “the Act”).

BASIS OF PREPARATION

The Report is presented in Canadian dollars and has been prepared in accordance with the requirements of the Act and the Natural Resources Canada (“NRCan”) Technical Reporting Specifications.

The following is a summary of significant policies and judgments that the Company has made for the purpose of preparing the Report.

Cash and in-kind payments

Payments are reported on a cash basis and have been reported in the period in which the payment was made. In-kind payments are converted to an equivalent cash value based on cost or, if cost is not determinable, the in-kind payment is reported at the fair market value. The valuation method for each payment has been disclosed in the notes section of the ESTMA Annual Report.

Payments to the “same payee” that meet or exceed \$100,000 in one category of payment are disclosed. Payments are rounded to the nearest \$10,000.

Payee

For the 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; or
- 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, local, or municipal levels. Payees may include non-governmental entities if the benefit bestowed would have otherwise been provided by the government. Payees also include any government-owned or government-controlled entities that exercise or perform a power, duty or function of government.

Aboriginal and indigenous groups and organizations in Canada may also be regarded as a payee under the Act. The Act requests to report on payments made to Aboriginal governments in Canada.

The individual department, agency or other body of the payee that received the payment has been disclosed in the notes section of the ESTMA Annual Report.

Reportable Payments

A reportable payment for ESTMA purposes is one that:

- a. Is made to the same payee;
- b. Is made in relation to the commercial development of oil, gas or minerals; and
- c. Totals, as a single or multiple payments, \$100,000 or more during the year in one of the following prescribed seven payment categories.

Taxes

This category includes taxes paid by the Company on its income, profits or production in relation to the commercial development of minerals. Taxes reported include property taxes, income taxes and Quebec mining duty taxes. Consumption taxes, personal income taxes and taxes withheld by others on behalf of the Company are excluded as per the Act.

Royalties

Royalties are payments for the rights to extract minerals, typically at a set percentage of revenue. Both cash royalties and royalties paid in-kind are reported in this category. For the year ended December 31, 2019, there were no reportable royalty payments to a payee.

Fees

This category may include rental fees, entry fees and regulatory charges as well as fees or other consideration for licenses, permits or concessions. The fee category is broad and includes payments to payees that in substance are fees. Amounts paid in the ordinary course of commercial transactions in exchange for services provided by a payee are excluded.

Production entitlements

A payee's share of mineral production under a production sharing agreement or similar contractual or legislated arrangement is reported under this category. For the year ended December 31, 2019, there were no reportable production entitlement payments to a payee.

Bonuses

Signing, discovery, production and any other type of bonuses paid to a payee in relation to the commercial development of minerals are reported under this category. For the year ended December 31, 2019, there were no reportable bonus payments to a payee.

Dividends

Dividends are dividend payments, other than dividends paid to a payee as an ordinary shareholder of the Company on shares that were acquired by the payee on the same terms as were available at the time of acquisition to other shareholders that are not in lieu of any other reportable payment. For the year ended December 31, 2019, there were no reportable dividend payments to a payee.

Infrastructure improvement payments

This payment category consists of payments for the construction of infrastructure that do not relate primarily to the operational purposes of the Company. For the year ended December 31, 2019, there were no reportable infrastructure improvement payments to a payee.

Payments by Project Level

Payments have been reported at the project level as required by the Act. A "project" means the operational activities are governed by a single contract, license, lease, concession or similar legal agreement that forms the basis for a payment liability with a payee. If multiple such agreements are substantially interconnected, they would be considered a single project.

"Substantially interconnected" means forming a set of operationally and geographically integrated contracts, licenses, leases or concessions or related agreements with substantially similar terms that are signed with a government and give rise to payment liabilities.

The Company has determined that the operational activities governed by surface or mineral lease contracts related to key operational areas are substantially interconnected and has reported payments related to each such area as two separate projects. The Company has considered geographical location and common infrastructure as two key indicators for making this determination.

Commercial Development

The Act defines “commercial development of oil, gas or minerals” as:

- a. The exploration or extraction of oil, gas or minerals;
- b. The acquisition or holding of a permit, licence, lease or any other authorization to carry out any of the activities referred to in paragraph (a); or
- c. Any other prescribed activities in relation to oil, gas or minerals.

Payments made by the Company to payees relating to the commercial development of minerals (“commercial development”) are disclosed in this Report. The Company’s initial processing activities which are integrated with its extraction operations are included in commercial development. The Report excludes payments that are not related to the Company’s commercial development activities.

Refunds and credits

Amounts paid to payees have been reported at the amount paid by the Company, including instances where an applicable credit reduces the amount payable, to reflect the net cash payment to the payee. Cash refunds received from payees have not been reported where they have not been applied as a credit to amounts owing.

Attribution of payments

When applicable, where a payment was made for the Company by another entity, such payment has been deemed to have been made by the Company and has been included in this Report. This may include payments not directly made to a payee or not directly received by the payee. Whether a payment is made for the Company may be difficult to determine and depends on the facts and circumstances, including legal and contractual requirements in various jurisdictions.