



Rosneft Oil Company
Report on payments to governments
for the year ended December 31, 2018

Rosneft Oil Company

Report on payments to governments

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1. Introduction

Section 4.3A of the UK Disclosure Guidance and Transparency Rules (DTR 4.3A) requires the extractive sector companies whose transferable securities are admitted to trading on a regulated market to publicly disclose payments made to the governments of those countries where they carry out extractive operations.

DTR 4.3A apply without limitation to companies incorporated outside the UK but that have transferable securities admitted to trading on the London Stock Exchange (LSE).

Rosneft Global depositary receipts (GDR), which certify rights in respect of ordinary shares, are admitted to trading on the LSE. The securities are listed on its Main market through its International Order Book. One GDR is equivalent to one common share of Rosneft Oil Company.

Rosneft's consolidated Report on payments to governments (the Report) is presented below pursuant to DTR 4.3A. It includes Payments made by the Rosneft Group's Extractive Companies as defined below, for the benefit of each government in the countries in which these companies carry out their activities. The Report also provides details on the total amount of such payments by type, specific project and government paid.

Where the amount of payment made during the reporting period for a specific project or country is less than £86 000 or the equivalent amount in another currency such payment is not disclosed in the Report.

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2. Reporting principles

Definitions

(Rosneft Group's) Extractive Companies: Rosneft Oil Company (Rosneft) and its subsidiaries whose activities consist, in whole or in part, of the exploration, prospection, discovery, development and extraction of minerals, crude oil and natural gas, amongst others, fully consolidated by Rosneft in accordance with International Financial Reporting Standards (IFRS).

Payment: a single payment or multiple interconnected payments, whether in money or in kind, for extractive activities.

The payment types included in this Report:

Production entitlement: host Government's share of production. This payment is generally made in kind.

Taxes: taxes and levies paid on income, production or profits, excluding taxes levied on consumption such as value added tax, sales taxes, as well as personal income taxes.

Regarding taxes paid in the Russian Federation the Report includes Income Tax and Mineral extraction tax.

Royalties: percentage of production payable to the owner of mineral rights.

In addition, for the purposes of this Report Export customs duty on oil paid in the Russian Federation is included in Royalties.

Dividends: dividends, other than dividends paid to a government as an ordinary shareholder unless they are paid in lieu of a production entitlement or royalty. For the year ended December 31, 2018, there were no reportable Dividend payments to Governments.

Signature, Discovery and Production Bonuses: bonuses paid for and in consideration of signature, discovery, production, awards, grants and transfers of extraction rights; bonuses related to achievement or failure to achieve certain production levels or targets, and the discovery of additional mineral reserves or deposits.

Licence and other fees: licence fees, rental fees, entry fees and other considerations for licences and/or concessions that are paid for access to the area where the extractive activities will be conducted.

Infrastructure improvements: payments for local infrastructure development, including the improvement of infrastructure, except where the infrastructure is exclusively used for operational purposes. For the year ended December 31, 2018, there were no reportable Infrastructure improvements payments to Governments.

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Government: any national, regional or local authority of a country or territory, or any department, agency or undertaking controlled by that authority.

Project: operational activities governed by a single contract, licence, lease, concession or similar legal agreement that form the basis for payment liabilities with a Government. If multiple such agreements are substantially interconnected, they are considered as a single Project.

Reporting currency

All amounts presented in the Report are stated in Russian rubles. Payments made to Governments in foreign currencies (currencies other than the Russian ruble) were translated into the equivalent ruble amount using a weighted average of the relevant exchange rates during the reporting period.

In-kind payments

Production entitlement and Royalties paid in kind owed to Governments pursuant to legal or contractual provisions (not booked in the Extractive Companies' accounts pursuant to the accounting standards) are reported in proportion to the interest held in the Project. Payments in kind are estimated at fair value which corresponds to the contractual price of oil and gas, market price (if available) or an appropriate benchmark price. These prices may be calculated on an averaged basis over a given period.

Operatorship

Payments made by the Extractive Companies directly to a Government arising from a project are reported in the full amount, regardless of whether the Extractive Companies are the operators. Such payments are reported in the full amount even where the Extractive Companies acting as operators are proportionally reimbursed by their non-operating venture partners.

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3. Summary Report

Country	Total amount of payments	Taxes	Royalties	Bonuses	Licence and other fees
Russian Federation	3 206 569	2 411 620	788 487	-	6 462
Iraq	8 267	-	-	7 524	743
Vietnam*	159	-	-	-	159
Brazil	12	-	-	-	12
Total	3 215 007	2 411 620	788 487	7 524	7 376

* – The Government also has a production share of 0.14 mmbbl of gas condensate and 1.05 bcm of gas. Monetary value of these volumes is 664 millions of Russian rubles and 7 065 millions of Russian rubles respectively. The presented valuation was made by Rosneft for the purposes of this Report only.

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4. Reporting by Project and by type of Payment, and by Government and by type of Payment

Amounts paid in the Russian Federation by Project and by type of Payment

Payments per project	Total amount of payments	Taxes	Royalties	Bonuses	Licence and other fees
Russian Federation:	3 206 569	2 411 620	788 487	-	6 462
Yuganskneftegaz	803 686	802 533	-	-	1 153
Rosneft*	802 701	22 118	780 583	-	-
Vankorneft	259 398	259 264	-	-	134
Samotlorneftegaz	222 282	221 882	-	-	400
Bashneft	209 422	201 508	7 904	-	10
Orenburgneft	156 565	156 506	-	-	59
Samaraneftegaz	137 336	135 640	-	-	1 696
Uvatneftegaz	129 736	129 445	-	-	291
Verkhnechonskneftegaz	114 140	113 961	-	-	179
Varyeganneftegaz	75 690	75 548	-	-	142
Nyaganneftegaz	71 915	71 719	-	-	196
Purneftegaz	60 069	59 934	-	-	135
Severnaya Neft (Timan Pechora)	28 414	28 034	-	-	380
Taas-Yuryakh (Sakha Yakutia)	24 049	23 942	-	-	107
Sorovskneft (Bashneft)	19 556	19 555	-	-	1
Oil and Gas operations in Sakhalin	13 266	13 207	-	-	59
Vostsibneftegaz (Krasnoyarsky Region)	12 426	12 345	-	-	81

* – Includes Income Tax payments and refunds for a consolidated group of taxpayers. Russian tax legislation allows income taxes to be calculated on a consolidated basis. Rosneft's main subsidiaries were therefore combined into a consolidated group of taxpayers, which consists of more than 60 entities. Some of them do not engage in activities related to the exploration, prospecting, discovery, development and extraction of minerals or crude oil and natural gas.

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Amounts paid in the Russian Federation by Project and by type of Payment (continued)

Payments per project	Total amount of payments	Taxes	Royalties	Bonuses	Licence and other fees
Sakhalin-1**	12 100	12 100	-	-	-
Rospan (Yamalo-Nenetsky Autonomous District)	10 839	10 815	-	-	24
Kondaneft	10 201	10 158	-	-	43
Stavropolneftegaz	9 505	9 491	-	-	14
Krasnodarneftegaz	8 836	8 641	-	-	195
Sibneftegaz (Yamalo-Nenetsky Autonomous District)	7 856	7 825	-	-	31
Oil and Gas operations in Northern Caucasia	2 880	2 877	-	-	3
Tyumenneftegaz (Yamalo-Nenetsky Autonomous District)	1 387	1 380	-	-	7
Tomskneft***	1 341	957	-	-	384
Kynsko-Chaselskoe neftegaz (Yamalo-Nenetsky Autonomous District)	693	30	-	-	663
RN-Exploration (Black Sea)	97	96	-	-	1
Shelf Arctic	67	39	-	-	28
Offshore Laptev Sea project****	47	34	-	-	13
Offshore Chukchi Sea project****	35	26	-	-	9
Offshore Kara Sea project****	34	10	-	-	24

** – Includes payments made only by Rosneft group companies. The Sakhalin-1 project is operated by ExxonMobil. Besides the payments listed above for the Sakhalin-1 project, there have been payments made by ExxonMobil on behalf of the consortium, which are not included in this Report.

*** – Payments made by Rosneft Oil Company in respect of licences operated by JSC «Tomskneft» VNK.

**** – Previously jointly with ExxonMobil. In 2018, ExxonMobil withdrew from the project.

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Amounts paid in foreign jurisdictions by Project and by type of Payment

Payments per project	Total amount of payments	Taxes	Royalties	Bonuses	Licence and other fees
Iraq (Kurdistan): Block 9	3 783	-	-	3 762	21
Iraq (Kurdistan): Block 11	3 783	-	-	3 762	21
Iraq: Block 12	640	-	-	-	640
Iraq (Kurdistan): Block 8	21	-	-	-	21
Iraq (Kurdistan): Block 10	20	-	-	-	20
Iraq (Kurdistan): Block 13	20	-	-	-	20
Vietnam: Block 06.1*	134	-	-	-	134
Vietnam: Block 05-3/11	25	-	-	-	25
Brazil: Solimões	12	-	-	-	12

* – The Government also has a production share of 0.14 mmbbl of gas condensate and 1.05 bcm of gas. Monetary value of these volumes is 664 millions of Russian rubles and 7 065 millions of Russian rubles respectively. The presented valuation was made by Rosneft for the purposes of this Report only.

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Amounts paid by Government and by type of Payment

Payments per government	Total amount of payments	Taxes	Royalties	Bonuses	Licence and other fees
Russian Federation:	3 206 569	2 411 620	788 487	-	6 462
Treasury of the Russian Federation	3 206 569	2 411 620	788 487	-	6 462
Iraq:	8 267	-	-	7 524	743
Ministry of Natural Resources - Kurdistan Regional Government	7 627	-	-	7 524	103
Basra Oil Company	640	-	-	-	640
Vietnam:	159	-	-	-	159
PetroVietnam*	159	-	-	-	159
Brazil:	12	-	-	-	12
State Fund of the Environment	9	-	-	-	9
Environmental Protection Institute of Amazonas State	2	-	-	-	2
Brazilian Institute of the Environment and Renewable Natural Resources	1	-	-	-	1

* – PetroVietnam (as representative of the Government of Vietnam) also has a production share of 0.14 mmbbl of gas condensate and 1.05 bcm of gas. Monetary value of these volumes is 664 millions of Russian rubles and 7 065 millions of Russian rubles respectively. The presented valuation was made by Rosneft for the purposes of this Report only.

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