

Extractive Sector Transparency Measures Act - Annual Report

Reporting Entity Name	Boulder Energy Ltd.					
Reporting Year	From	2019-01-01	To:	2019-12-31	Date submitted	2020-05-19
Reporting Entity ESTMA Identification Number	E760723		<input checked="" type="radio"/> Original Submission <input type="radio"/> Amended Report			
Other Subsidiaries Included (optional field)						
Not Consolidated						
Not Substituted						
Attestation by Reporting Entity						
<p><i>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.</i></p>						
Full Name of Director or Officer of Reporting Entity	Casey Wilson			Date	5/19/20	
Position Title	CFO					



EXTRACTIVE SECTOR TRANSPARENCY MEASURES ACT (ESTMA)

**REPORT ON PAYMENTS TO GOVERNMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

EXTRACTIVE SECTOR TRANSPARENCY MEASURES ACT (ESTMA) REPORT ON PAYMENTS TO GOVERNMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

Introduction

Boulder Energy Ltd. (“Boulder” or the “Company”) has prepared the following report (“Report”) on payments to governments in accordance with the Extractive Sector Transparency Measures Act (“ESTMA” or the “Act”). The Act was created to increase transparency and deter corruption in the extractive sector. It requires extractive entities in Canada, like Boulder, to publicly disclose, on an annual basis, specific payments made to governments in Canada and abroad. Boulder supports transparency in the flow of revenue from oil and gas activities to governments and believes the Act will provide citizens with access to information needed to hold governments accountable for the way they use funds received through taxes and other agreements.

Boulder already operates in a transparent and responsible manner and will continue this practice with the issuance of this Report. In addition to the government payments in the Report, Boulder contributes to the economies of the areas in which it operates by providing jobs for employees and contractors, purchasing materials from local suppliers and undertaking activities to support the community.

The Basis of Preparation section below contains information about the content of the Report, the types of payments included and the principles that have been applied in preparing the Report.

Description of the Company

Boulder is a crude oil and natural gas exploration, development and production company based in Calgary, Alberta, Canada. The Company’s operations are currently focused in the Belly River pool at Brazeau in the Alberta Deep Basin.

The audited financial statements for Boulder are presented for the period of January 1, 2019 to December 31, 2019. As such, this Report will include all of the payments made from January 1, 2019 to December 31, 2019.

Basis of Preparation

Under the Act, Boulder is required to prepare a report on payments made to governments for each financial year in relation to relevant activities.

Reporting Entity

Boulder is a corporation engaged in the commercial development of oil and gas and has business and assets within Canada. The Company is privately held and is not listed on a stock exchange in Canada. However, based on the audited financial statements for the period ended December 31, 2019, the Company had assets greater than CAD\$20 million and revenue greater than CAD\$40 million and therefore meets the criteria under the Act as a Reporting Entity for ESTMA purposes.

Activities within the scope of the Report

Payments made to governments that relate to Boulder's activities involving the exploration, prospection, discovery, development, and extraction of minerals, oil, natural gas deposits or other materials as well as any closure, remediation and reclamation ('extractive activities') are included in this Report.

The Act defines a "payment" as an amount, paid whether in money or in kind, that totals, as a single or multiple payments, CAD\$100,000 or more within **one** of the seven categories listed below:

Taxes	The Report includes taxes levied on income, production or profits. Where applicable, property taxes directly related to the commercial development of oil and gas have been disclosed. Consumption taxes, personal income taxes and taxes withheld by the Company on behalf of others are not reportable.
Royalties	Royalties are payments for the right to extract oil and gas resources, typically at a set percentage of revenue. Both cash royalties and royalties paid in-kind are reported in this category. The cash value of these royalty payments is included in the Report, regardless if they are paid in-kind or in cash. Royalties paid in-kind have been valued at the fair market sale price at the time the in-kind royalty is delivered. Volumes are not required to be reported.
Fees	In preparing this Report, Boulder has included rental fees, entry fees and regulatory charges, as well as fees or other consideration for new and existing licenses, permits and/or concessions. This category does not include amounts paid in ordinary course commercial transactions in exchange for services provided by governments.
Production entitlements	A payee's share of oil, gas or mineral production extracted as part of commercial development under an agreement is categorized as a production entitlement. The cash value of these entitlements would be included in the Report, regardless if they are paid in-kind or in cash. Volumes are not required to be reported. For the year ended December 31, 2019, there were no reportable production entitlement payments to a government above the CAD\$100,000 reportable threshold.
Bonuses	This category includes signing, discovery and production bonuses. For the year ended December 31, 2019, the only bonuses paid were in relation to crown land sales.

Dividends	These are dividends that would be paid in lieu of a bonus, production entitlements or royalties. For the year ended December 31, 2019, there were no reportable dividend payments to a payee.
Infrastructure improvement payments	Such payments would include payments made by Boulder for a road or a building that forms part of the fundamental facilities and systems serving a community or area. These payments would be included in the Report whether or not Boulder is contractually obliged to fund them, and are reported when the relevant assets are handed over to the government for use by the local community. This is not meant to capture infrastructure payments that relate primarily to the operational purpose of Boulder (i.e. building a road to access a well site that is primarily for operational needs). For the year ended December 31, 2019, there were no reportable infrastructure improvement payments to a government above the CAD\$100,000 reportable threshold.

Under the Act, a payment is reported when it is paid to a “payee”, defined as any government in Canada or in a foreign state at a national, regional, state/provincial or local/municipal level or any trust, board, commission, corporation, body or other authority that is established to exercise or perform a power, duty or function of a government. Payees include crown corporations. Aboriginal and indigenous groups and organizations may also be regarded as a payee under the Act. Payments to the same payee that meet or exceed CAD\$100,000 in one category of payment are included in the Report.

Project definition

Under the Act, “project” is defined as the 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. If multiple agreements are substantially interconnected, it can be considered one project. In order to be substantially interconnected, the agreements, contracts, licenses, or leases must be operationally or geographically integrated.

For the year ended December 31, 2019, Boulder’s operations were focused in the Belly River pool at Brazeau in the Alberta Deep Basin (referred to under IFRS as the “Central Alberta” cash generating unit or CGU). The Company does not have any other operations in other provinces or countries.

Reporting currency and other considerations

All payments have been reported in Canadian dollars. When preparing this Report, payments were rounded to the nearest CAD\$10,000. Rounding was not used for determining reportable payments.

Cash basis

Payments are reported on a cash basis, meaning that they are reported in the period in which they are paid, as opposed to being reported on an accrual basis (which would mean that they were reported in the period for which the liabilities arise). The Report includes all cash payments made, without inclusion of cash inflows from a government. Where payments in kind are made to a government they have been valued and footnotes are included to help explain the valuation method and any related volumes.

Where the Company makes a payment to a government that is net of credits/refunds from that government, the net payment amount has been presented. Amounts

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

Reporting principles

The Act requires payments to be reported where they are made to governments by Boulder in respect to extractive activities. In preparing the Report, Boulder must also disclose the payment to reflect the substance and the relevant project. In light of these requirements, Boulder has assessed the following:

- Joint ownership -- In a situation where Boulder has joint interest partners, all payments that Boulder makes directly to a payee are included in the Report. Payments made to governments in connection with joint ventures are included in the Report if and to the extent that Boulder makes the relevant payment directly to a payee. Typically this will arise where Boulder is the operator of the joint venture. If a payment is made by the joint interest partner and flowed through to Boulder on a pro-rata ownership basis, it will not be included in Boulder's Report on the assumption that the joint interest partner is also subject to the Act and will be including said payment in their Report.
- Attribution -- In the event a payment is made on Boulder's behalf by another party that is not subject to the Act, Boulder has included that payment in the Report.