

2019 Sustainability Report



altura ENERGY INC.

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To Our Stakeholders

On behalf of Altura Energy Inc. (Altura or the Corporation), I am pleased to share our story and vision for the future in our inaugural sustainability report. We believe we can develop and produce oil and natural gas safely, responsibly, and profitably, while making a positive contribution to society. We believe this sustainable approach is key to the long-term success of the Corporation. Altura has created a culture rooted in strong economic, environmental, social and governance performance which is the foundation for corporate sustainability. From senior leadership to our front-line consultants we focus on continuous improvement and leadership in all aspects of our business.

Altura has demonstrated operational strength and capital discipline while delivering on the safety performance commitment outlined in our Corporate Social Responsibility Policy. Our focus and commitment to hazard identification, emergency readiness and communication regarding safety standards and expectations has created a safety leadership culture that enables everyone to return home safely at the end of the day.

We have a vision of conservation and innovation to minimize environmental impacts and maximize value from the resources we produce. We have invested time and resources to reduce emissions and, although we are a small company, I believe the results have demonstrated leadership on this important objective.

We recognize the value of stakeholder feedback during this important transition phase in the industry and believe that disclosure of Environmental, Social and Governance (ESG) topics provides a more in-depth picture of the sustainability of the Corporation.

Altura recognizes that to deliver consistent and long-term shareholder value we must operate in a safe, healthy, ethical, legal, and environmentally responsible manner. We look forward to stakeholder feedback as we find new and exciting ways to maximize value for all stakeholders.

Thank you for your continued support.

David Burghardt
President, Chief Executive Officer and Director

Approach to Sustainability

Our **Corporate Social Responsibility Policy** guides us in how we conduct our business in a responsible manner. Our strong environmental stewardship, proven safety culture and governance best practices has created strong relationships with our stakeholders to improve our bottom line.

Stakeholder Engagement

Many stakeholders contribute to Altura's overall success. We make every effort to build strong and respectful relationships with our stakeholders by regularly engaging in dialogue to understand their concerns, inform them of our plans and identify solutions to ensure they remain part of our decision-making process.

Stakeholder	Action	Focus Areas
Employees	<ul style="list-style-type: none"> Annual and quarterly employee career progress and evaluation process Ongoing safety training for all workers 	<ul style="list-style-type: none"> Safety Executive communication Training and development
Shareholders	<ul style="list-style-type: none"> Quarterly and ad hoc press releases Annual General Meeting open to all shareholders Quarterly update meetings with research analysts Attend conferences and independent meeting with investors 	<ul style="list-style-type: none"> Financing and operational performance Board diversity Executive compensation ESG reporting
Communities	<ul style="list-style-type: none"> 24 hour emergency number Training for local emergency response personnel Proactive communication and consultations regarding access to resources, abandonments and road use 	<ul style="list-style-type: none"> Emergency preparedness Environmental performance Community relations and governance
Government and Regulatory Bodies	<ul style="list-style-type: none"> Consultation on new projects and proposals Participation in public policy and regulatory discussions where applicable 	<ul style="list-style-type: none"> Regulations concerning energy development Climate policy Market access
Suppliers and Contractors	<ul style="list-style-type: none"> Safety meetings and emergency response plan (ERP) drills for staff and contractors Clear safety expectations through master service agreements and pre-qualification process 	<ul style="list-style-type: none"> Safety performance Financial performance Supply chain transparency

Approach to Sustainability

Environmental, Social and Governance

While there is no formal definition of ESG, Altura defines it as promotion of environmental sustainability and reducing the company's carbon footprint; promoting social justice and responding to concerns of local communities; having an independent Board of Directors and a diverse management team; and consistently and effectively allocating capital to the benefit of shareholders and stakeholders.

In 2019 Altura established an ESG Committee and created an ESG Mandate which is posted on our website. The ESG committee is comprised of three directors, two of whom are independent. The purpose of the ESG Committee is to assist the Board of Directors in carrying out its responsibilities by having responsible persons ensure that Altura's activities are conducted in an environmentally responsible manner and the Corporation maintains the integrity of its environmental, social and governance policies.

Materiality Assessment

To understand the topics that are relevant to the Corporation and stakeholders, Altura annually conducts an internal materiality assessment. The Corporation reviews a wide array of ESG topics and financial metrics to determine those having the highest importance to the Corporation. There are many important issues to address in the constantly changing regulatory and governance frameworks but given the size of the Corporation, the nature of our business, and areas of our operation, we believe focusing on these main topics will have the highest impact on our business. By ensuring top performance in safe operations and environmental initiatives Altura believes it will have a significant positive impact on economic performance and stakeholder value.

Our main topics of focus:

- Safe Operations
- Environmental
 - Greenhouse gas (GHG) emissions
 - Spill prevention
 - Water use
- Business & Governance

Safe Operations

Altura is committed to protecting the health and safety of employees, contractors, consultants and the public. Safety is an essential and non-negotiable value for our leadership team and everyone in our business.

Safety Performance

Our prime objective is to ensure that our workers and the communities potentially impacted by our operations remain safe and healthy at the end of each day. To make this happen, Altura created a Corporate Social Responsibility Policy that is shared with our employees and contractors to ensure they implement our safety standards.

The President, VP Operations, VP Engineering, a third-party independent safety consultant and field contractors meet quarterly to review incidents and/or concerns and to create or revise safety procedures as necessary. The quarterly reports and action lists generated from these meetings are then reviewed by the ESG Committee and further revised if required. Our safety performance is tied to compensation at all levels of the business through our annual short-term incentive plan.

All incidents, including near misses, are reviewed to determine if they had the potential to be a serious injury or fatality. Altura is a small company and relies on contractors and consultants to execute the work required to advance the business objectives. To ensure safe operations Altura has implemented a specific contractor management software called ComplyWorks® to screen and monitor contractor safety and regulatory compliance performance based on predetermined standards that Altura has established so contractors are pre-approved to conduct work on our sites.

Serious Injury and Fatality (SIF)

While all incidents are tracked and reported, we believe those of greater severity, or those with the potential for greater severity, are given additional focus. By identifying situations that have the highest risk of serious injury or fatality, we can ensure that we have selected the most competent contractors that have the appropriate training and policies in place to prevent SIF events.

Hazard Identification

Complacency, communication breakdown and the fast-paced nature of our operations are common contributors to high-risk or high-consequence incidents. To mitigate these risks, Altura conducts proactive task observations, site inspections and audits.

Safe Operations

Right to Stop Work

Our leadership team believes that every job can and must be done safely, everyone is accountable for safety performance and all employees have the obligation to refuse unsafe conditions and voice concerns about potential hazards. Contractors are made aware of the expectation to refuse unsafe work or any tasks they feel uncomfortable undertaking during their initial orientation.

We also require contractors and consultants to use safe work permits, joint service agreements and daily tailgate meetings to report hazards and raise any safety concerns they have. Should a refusal to work be initiated, a full investigation will be undertaken, and appropriate measures taken to ensure the work is safe. Investigation teams are formed based on the situation and may include technical experts, health and safety advisors, supervisors, and management. The team evaluates the hazard, assesses the risk, and determines corrective actions.

Safety Training

At a minimum, all field workers must complete Altura's General Safety Orientation or a Common Safety Orientation (CSO), training on how to work safely around sour gas (H₂S Alive), First Aid, resuscitation (CPR) and safety in handling hazardous materials or chemicals (WHMIS 2018).

Additionally, Altura provides individualized training based on the tasks or potential tasks each worker will be required to carry out during their work. This may include safety around excavations or earth works (ground disturbance), precautions in confined space, defensive driving, Naturally Occurring Radioactive Material (NORM) and incident investigation training and any specific equipment related training.

Public Safety

The safety of the communities where we operate is paramount to Altura. As such, we have a robust and strategically managed emergency response plan (ERP) in place to effectively handle emergencies and critical events. This plan is routinely tested to make certain that all relevant stakeholders are prepared to carry out their role in the event of an emergency. In addition, Altura regularly conducts multi-stakeholder emergency response exercises that include regulators, first responders and community members.

Environment

Altura continually implements practices and technologies that improve our environmental performance because we believe it enhances financial sustainability.

Environmental Management

We understand the importance of managing our environmental footprint and having accurate and timely data enables us to proactively manage our impact. We dedicated resources to collect data, identify trends and assess the following:

- sources of fugitive emissions and methane venting;
- converting natural gas combustion engines to electrical drivers;
- wellsite, facility and infrastructure decommissioning, abandonment and reclamation obligations.

In addition, Altura has enrolled in the following Alberta Energy Regulator programs:

- Fugitive Emissions Management Plan (FEMP) to detect and repair fugitive emission sources; and
- Methane Reduction Retrofit Compliance Plan (MRRCP) to identify methane vent sources and implement solutions to minimize and eliminate, where possible, methane venting by January 1, 2023.

The results and actions taken from this work is regularly communicated within the executive team and the ESG Committee.

Emissions

New regulations introduced in Canada target methane (ie natural gas venting) emissions reduction of 45% by 2025. We believe these regulations will have minimal impact on our operations as our facilities and infrastructure already meet gas conservation requirements. New wells that are drilled and brought on production are pipeline connected to gas gathering infrastructure to conserve the gas.

In 2019 Altura completed a baseline emissions assessment and identified sources of fugitive methane emissions in our operations. The methane fugitive emissions identified are minimal and relate to high-bleed controllers and pneumatic chemical injection pumps on wellsites. Altura is evaluating reducing these emissions by replacing with low-bleed controllers, retrofitting high-bleed controllers, retrofitting chemical injection pumps and improving maintenance practices to mitigate fugitive methane emissions.

The next steps will be to create an action plan to address the further reduction and, where possible, elimination of the remaining minimal emission sources. In the interim, Altura will continue with wellsite and facility inspections using Optical Gas Imaging, among other surveillance techniques, annually or as set forth in the FEMP to ensure compliance with work already completed.

Environment

In 2019 Altura completed an electrification project and installed electrical power at all our Leduc-Woodbend Rex pool wellsites and facility sites to utilize grid electricity and eliminate combustion of natural gas to generate electrical power to operate our wellsites and facilities. The GHG reduction from this project is estimated at 1,378 TCO₂e per year.

Altura will continue to evaluate our wellsites, facilities and new well drilling and completion operations to identify further emission reduction opportunities.

Carbon Pricing

The implementation of federal and provincial carbon taxes will have a near-term financial impact on our operations. Carbon pricing will be added directly to our operating costs and, due to the nature of oil and gas sales, no portion of this added cost will be passed on to our customers. Over the longer term, we have enrolled in the Alberta Technology Innovation Emissions Reduction (TIER) program which exempts Altura from certain aspects of the federal carbon pricing framework.

Water Management

Water is used in Altura's drilling and completion operations including hydraulic fracturing and reservoir pressure maintenance in Enhanced Oil Recovery (EOR) schemes. Altura endeavours to reuse water and establish sources of non-potable and produced water wherever possible to minimize the amount of fresh water used in our operations. This includes working with area stakeholders to use run-off water or other sources of water such as greywater or waste-water from industrial processes. In addition, Altura continues to optimize our drilling and hydraulic fracturing techniques with the goal of reducing the water intensity for the Corporation.

Land Management

The development of Altura's mineral acreage involves the use of relatively small multi-well surface locations to accommodate the necessary drilling, completion and production infrastructure. The surface footprint of a typical multi-well site can vary in size from 1 – 2 hectares depending on the number of wells to be drilled from that surface location. Once all of the wells have been drilled and are on production, the surface footprint is often reduced to a minimal teardrop shape that is less than half of its original size and the remaining land is returned to cultivation or grazing.

When the assets are no longer productive, Altura prioritizes and undertakes an abandonment and reclamation program to restore the land to its original state. This includes the removal of any contaminants and the restoration of soil and vegetation conditions.

Environment

Spill Prevention and Asset Integrity

Altura follows a comprehensive asset integrity program to prevent, detect and manage leaks and spills from our surface equipment and pipelines. We have invested capital and resources in the proactive management of our pipeline and facility infrastructure to mitigate the opportunity for any such release. This process includes completing annual pipeline risk assessments, in-line pipeline inspections, right-of-way inspections, water crossing inspections, corrosion protection, evaluating leak detection systems, tank and pressure vessel inspections and then making recommendations to our operations teams.

We employ automated gauges, level/pressure alarms, emergency shut-downs and other technologies to alert our operators or shut down equipment in the event of an operational issue. These technologies give us the tools needed to respond to an incident before it escalates to minimize any potential safety or environmental impacts. In the event of a release, regardless of the volume, all spills are reported internally, investigated and corrective actions implemented.

Spill Response

If there is an incident, we have site-specific ERPs in place to notify all relevant staff, regulators and members of the community in a timely fashion. These plans include contacts with local service providers for spill response procedures and control to ensure rapid response time.

Field operators are required to complete annual leak detection and maintenance training as well as review spill response procedures and regulatory reporting requirements. Altura is a member in good standing of the Western Canadian Spill Services (WCSS) and attends annual training exercises for our area. All member companies in these cooperatives have access to strategically placed spill recovery equipment and spill response support.

Business & Governance

Altura contributes to community prosperity through project development, job creation and community investment. We value good governance practises, proactive risk management and high ethical standards. We believe strong business practises contribute to reducing costs, increasing shareholder value and enhancing trust from all stakeholders.

Economic Impact

Altura plays an important role in the economic strength of our communities. Through the payment of royalties and taxes, providing local employment and investing time and funding for local charities and non-profit organizations, we contribute to the overall strength and sustainability of the communities where we operate.

We recognize both the economic and social benefits of contracting staff and suppliers local to our operations and do so whenever possible.

Role of the Board of Directors

The fundamental responsibility of our Board of Directors is to appoint a competent executive team to oversee the management of the business. The Board works diligently to uphold this responsibility by;

- Reviewing and approving the strategic plan, corporate objectives, annual capital and operating budgets;
- Evaluating overall corporate performance and the performance of the executive team;
- Determining, evaluating and fixing compensation for the executive team;
- Succession planning for Board and executive positions;
- Adopting policies regarding corporate governance and codes of conduct;
- Overseeing the risk management program;
- Reviewing processes and procedures for communicating appropriate financial and operational information to shareholders and the public; and
- Evaluating the overall effectiveness of the Board and its committees.

The Board performs its mandated responsibilities in part through the activities of the following committees;

- Audit Committee;
- Reserves Committee;
- Compensation Committee;
- Environmental, Social and Governance Committee.

The Board and its committees have access to the executive officers and senior management on a regular basis. At each regularly scheduled Board meeting, the Board meets with the executive officers and senior management, who are invited to attend and provide information on specific areas of the business.

Business & Governance

People Strategy

Our people are our greatest asset and we rely on them to execute our short and long-term business strategies. This is particularly important given the size of the Corporation. We have recruited and engaged high potential professionals that are committed to the success of the Corporation. We introduce diversity of culture, experience and gender when and where we can. Altura is committed to the development and further training of our leadership team and encourages annual training and learning from local professional seminars and conferences where applicable.

Executive Compensation

Compensation of all executive officers is based on the philosophy that compensation should be “performance based” and competitive with Altura's peer group and should reflect the experience, performance and contribution of the individuals involved and the overall performance of the Corporation.

The objectives of the Corporation's executive compensation policy are to:

- align the interests of the executive officers with the long-term interests of shareholders;
- link compensation to the achievement of business objectives and financial and operational results; and
- attract and retain highly qualified management and key executives for leadership succession.

The Corporation's compensation policies are comprised of the following principal components;

- base salary;
- short-term incentive compensation comprised of discretionary cash bonuses; and
- long-term incentive compensation comprised of Options.

Short-term compensation, which includes base salary and annual performance bonus, is designed to attract and retain employees. Long-term incentive compensation is used to reward longer term growth in asset value per common share. Together, these components support the Corporation's long-term growth strategy. Altura's executive compensation philosophy is to encourage a higher relative level of share ownership with cash compensation, comprised of base salaries and annual performance bonus, targeting the 25th to 50th percentile of Altura's peer group.

For more information on our Board members, committees, and performance compensation, please refer to our 2019 Information Circular dated May 14, 2020.

Business & Governance

Risk Management

Altura has developed a corporate risk register to organize and understand the major risks to the Corporation. The executive team meets annually to discuss any changes to the risks and to review emerging trends in individual areas. The daily management of risk is the responsibility of the relevant vice president given their expertise and authority to ensure that all risks in their areas have been identified and that management plans are in place.

The following table summarizes various key risks that pertain to ESG.

Risk	Potential Impact	Mitigation
Changes in Legislation	New regulations could result in additional costs or restrict our ability to develop our asset base.	<ul style="list-style-type: none"> Regular review of government and regulatory directives and information circulars.
Public Perception of the Oil and Gas Industry	Increased concern from stakeholders about the impact of our business on the environment could negatively impact our reputation and investor sentiment.	<ul style="list-style-type: none"> Reporting on ESG related topics.
Major HSE Incident	The nature of our business at times involves operational and natural hazards that have the potential to cause harm to the environment or to the public.	<ul style="list-style-type: none"> HSE performance and policies regularly reviewed by senior management and the Board; Experienced and well-trained staff; Regular inspection and review of asset integrity; Regular review of our ERP, including drills and training exercises.
Cyber Security	Failure of our information technology systems could result in financial loss, business disruption, physical damage and reputation risk.	<ul style="list-style-type: none"> Proactive network defense strategies; External audits and penetration testing of systems; End user education and awareness.

For additional information on risks, please refer to our Annual Information Form (AIF) for the year ended December 31, 2019.

Business & Governance

Ethics

An important element of governance is ensuring appropriate policies and procedures are in place to mitigate risk and ensure ethical conduct. Altura has the following policies and procedures in place:

- Code of Business Conduct and Ethics Policy – outlines the expectations of our directors, officers and workers who conduct business on behalf of Altura. It ensures that our business is conducted in a fair, honest and inclusive manner;
- Disclosure, Confidentiality & Trading Policy – ensures the communications to the investment community are broadly disseminated in a timely and accurate manner and prevents insider trading;
- Whistleblower Program – encourages stakeholders to raise concerns regarding financial controls and audit measures, fraud and/or theft, harassment, workplace violence, conflict of interest, discrimination and safety concerns while maintaining their confidentiality and anonymity. Individuals may report concerns to an independent director via telephone or anonymous email all of which are listed in the policy on our website. We have not received a submission to date since the inception of the Corporation in July 2015;
- Majority Voting Policy – ensures the transparent and fair election of directors as required by the Toronto Stock Exchange (TSX);
- Advance Notice By-Law - provides shareholders, directors and management of the Corporation with a clear framework for nominating directors.

All of the above policies have been reviewed and accepted by the Board, officers and employees of the Corporation.

Payments to the Government (ESTMA)

Altura is required to publicly disclose on an annual basis, specific payments made to governments in Canada and abroad as outlined by the Extractive Sector Transparency Measures Act (ESTMA). ESTMA delivers on Canada's international commitments to contribute to global efforts to increase transparency and deter corruption in the extractive sector. Our ESTMA report can be found on our website at www.alturaenergy.ca.

ESG Data Table

	Units	2018	2019
ENVIRONMENT			
ENERGY CONSUMPTION			
Direct Energy Consumption ⁽¹⁾	GJ/yr	63,524	68,825
Direct Energy Consumption ⁽¹⁾	GJ/day	174	189
Consumption Intensity	GJ/Boe	0.1598	0.0952
GHG EMISSIONS			
Direct GHG Emissions ⁽²⁾	tonnes CO ₂ e/yr	3,657	4,429
Indirect GHG Emissions ⁽³⁾	tonnes CO ₂ e/yr	800	3,755
Total GHG Emissions	tonnes CO ₂ e/yr	4,458	8,184
Direct GHG Intensity	tonnes CO ₂ e/Boe	0.0092	0.0061
Indirect GHG Intensity	tonnes CO ₂ e/Boe	0.0020	0.0052
Total GHG Intensity	tonnes CO ₂ e/Boe	0.0112	0.0113
Flared Gas ⁽⁴⁾	10 ³ m ³	25.56	245.50
Vented Gas ⁽⁵⁾	10 ³ m ³	21.8	41.8
Methane (CH ₄) ⁽⁶⁾	tonnes CH ₄ /yr	0.1	0.2
Methane (CH ₄) Intensity	tonnes CH ₄ /Boe	0.0	0.0
Sulfur Dioxide (SO ₂)	tonnes SO ₂ /yr	Under review	Under review
Sulfur Dioxide (SO ₂) Intensity	tonnes SO ₂ /Boe	Under review	Under review
Nitrogen Oxide (NO _x)	tonnes NO _x /yr	Under review	Under review
Nitrogen Oxide (NO _x) Intensity	tonnes NO _x /Boe	Under review	Under review
WATER			
Fresh Water Use	m ³	36,924	13,087
Fresh Water Intensity	m ³ /Boe	0.0929	0.0181
New Wells Drilled	gross count	9	4
New Well Fresh Water Usage	m ³ /well	4,103	3,272
SPILLS AND LEAKS			
Number of Reportable Spills	count	0	1
Volume of Reportable Spills	m ³	0	2.9
Total Gross Operated Oil Produced	bbls	250,867	468,388
Total Gross Operated Fluid Produced	bbls	896,683	2,026,082
Spill Intensity	m ³ spilled/1,000 bbls fluid produced	0.0000	0.0063
Pipeline Operated Distance	kms	100.4	100.4
Pipeline Incident Frequency Rate	incidents/km	0.0000	0.0100
RECLAMATION			
Number of Active Wells ⁽⁷⁾	gross count	33	28
Number of Inactive Wells ⁽⁸⁾	gross count	20	29
Number of Abandoned Wells	gross count	3	4
Total Wells	gross count	56	61
Active Reclamation Ongoing	gross count	0	0
Reclamation Certificates Received	gross count	0	0
Alberta Licensee Liability Rating ("LLR") ⁽⁹⁾	ratio	6.87	9.50

ESG Data Table

	Units	2018	2019
SOCIAL			
HEALTH AND SAFETY			
Lost-time Injuries (Employee & Contractor)	count	0	0
Recordable Injuries (Employee & Contractor)	count	0	0
Fatalities (Employee & Contractor)	count	0	0
WORKFORCE PROFILE			
Full Time	count	7	6
Part Time	count	4	4
Board of Directors	count	5	6
DIVERSITY			
<i>Head Office</i>			
Total Female	count	4	4
Total Male	count	6	6
<i>Field Office</i>			
Total Female	count	0	0
Total Male	count	2	2
<i>Board of Directors</i>			
Total Female	count	0	0
Total Male	count	5	6
GOVERNANCE			
ECONOMIC			
Petroleum and Natural Gas Sales	\$ Thousands	16,847	25,757
Freehold Royalties	\$ Thousands	874	1,862
Crown Royalties	\$ Thousands	806	785
Operating Expenses	\$ Thousands	3,805	5,248
Transportation Expenses	\$ Thousands	866	2,214
Hedging, G&A, Interest and Exploration Expenses	\$ Thousands	2,289	1,663
Funds Flow From Operations	\$ Thousands	8,256	13,994
Expenditures on Property, Plant and Equipment ⁽¹⁰⁾	\$ Thousands	33,456	12,884
Net Income	\$ Thousands	2,693	2,719
Expenditures on Property Acquisitions (Dispositions)	\$ Thousands	(24,089)	(3,508)
STAKEHOLDER ECONOMIC BENEFITS			
Employee Payroll and Benefits	\$ Thousands	1,618	1,289
Landowner Rentals	\$ Thousands	180	192
Freehold Royalties	\$ Thousands	874	1,862
Crown Royalties	\$ Thousands	806	785
Federal Carbon Tax ⁽¹¹⁾	\$ Thousands	0	0
Community Investment	\$ Thousands	0	0
Dividends	\$ Thousands	0	0

ESG Data Table

	Units	2018	2019
PRODUCTION			
Net Production Rate	Boe/d	1,172	1,742
Gross Operated Production Rate	Boe/d	1,332	1,980

Footnotes:

- (1) Direct energy consumption includes natural gas fuel for processing oil, temporary power generation and other minor heating.
- (2) Direct or Scope 1 emissions are defined as emissions from equipment that is owned or controlled by the Corporation such as flaring, combustion, venting and diesel.
 - 2018 Summary - 96.8% natural gas fuel, 1.7% flaring, 1.5% venting.
 - 2019 Summary - 84.5% natural gas fuel, 13.3% flaring, 2.2% venting.
- (3) Indirect or Scope 2 emissions are defined as emissions from electricity, steam or heat purchased by the Corporation. Altura only purchases grid electricity.
- (4) Flared gas is temporary during well operations such as well testing or operational upsets at a facility.
- (5) Vented gas is estimated annually by a third-party company and includes pneumatic devices, chemical pumps and tank vents.
- (6) Methane emissions are directly linked to the vented gas using the methane composition in the natural gas.
- (7) 2018 to 2019 decrease in active wells reflects the suspension of 3 water source wells, 3 uneconomic oil wells and 3 water injection wells, offset by drilling 3 producing oil wells.
- (8) Increase in inactive wells is due to the suspension of 3 water source wells, 3 uneconomic oil wells and 3 water injection wells.
- (9) 2018 LLR as at Jan 5, 2019. 2019 LLR as at Jan 4, 2020.
- (10) In 2019, Altura invested \$300,000 to connect all wells and facilities to grid electricity. This reduced Altura's 2019 CO2 emissions by 1,499 tonnes which is equivalent to removing approximately 300 vehicles from the road.
- (11) Altura is forecasting to pay \$145,662 Federal Carbon Tax in 2020. For 2020, Altura is also forecasting to pay \$0 for fuel gas consumption, \$136,806 for purchased electricity consumption and \$8,856 for diesel.

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102-54 Claims of reporting in accordance with GRI Standards	This report references the GRI Standard 2016 but has not met all criteria to be in attendance.
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206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Altura was not involved in any legal actions related to anti-competitive practices in 2019.
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GRI 302 ENERGY	
302-1 Energy consumption within the organization	13, 14
302-3 Energy intensity	13, 14
GRI 303 WATER	
303-1 Water withdrawal by source	7, 13
GRI 305 EMISSIONS	
305-1 Direct (scope 1) GHG emissions	6, 13
305-2 Energy indirect (scope 2) GHG emissions	6, 13
305-4 GHG emissions intensity	13
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	13
GRI 306 EFFLUENTS AND WASTE	
306-3 Significant spills	13
GRI 307 ENVIRONMENTAL NON-COMPLIANCE	
307-1 Non-compliance with environmental laws and regulations	Altura received no fines or non-monetary sanctions for non-compliance in 2019.
GRI 400 SOCIAL TOPICS	
GRI 401 EMPLOYMENT	
401-1 New employee hires and employee turnover	9, 10
GRI 403 OCCUPATIONAL HEALTH AND SAFETY	
403-2 Hazard identification, risk assessment, and incident investigation	4
403-5 Worker training on occupational health and safety	5
403-9 Work related injuries	14
GRI 404 TRAINING AND EDUCATION	
404-3 Percentage of employees receiving regular performance and career development reviews	10
GRI 405 DIVERSITY AND EQUAL OPPORTUNITY	
405-1 Diversity of governance bodies and employees	9, 14

GRI Content Index⁽¹⁾

GRI 411 RIGHTS OF INDIGENOUS PEOPLES		PAGE
411-1 Incidents of violations involving rights of indigenous peoples	Altura had no incidents of violations involving the rights of Indigenous peoples in 2019.	
GRI 413 LOCAL COMMUNITIES		
OG11 Number of sites that have been decommissioned and sites that are in the process of being decommissioned.	13	

Footnotes:

(1) The Global Reporting Initiative (GRI), is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and corruption.

SASB Performance Table⁽¹⁾

GHG EMISSIONS	
EM-EP-110a.1: Gross global scope 1 emissions	Data Table
% methane	Data Table
% covered under emissions-limiting regulations	Data Table
EM-EP-110a.2: Amount of gross global scope 1 emissions from: 1. Flared hydrocarbons 2. Other combustion 3. Process emissions 4. Fugitive emissions	Data Table
EM-EP-110a.3: Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets and an analysis of performance against those targets	6
AIR QUALITY	
EM-EP-120a.1: Air emissions of the following pollutants: 1. NO _x 2. SO _x 3. VOCs 4. PM10	Data Table
WATER MANAGEMENT	
EM-EP 140a.1: 1. Total freshwater withdrawn 2. Total freshwater consumed	Data Table
BIODIVERSITY IMPACTS	
EM-EP-160a.2: Number and aggregate volume of hydrocarbon spills	Data Table
HUMAN RIGHTS AND RIGHTS OF INDIGENOUS PEOPLES	
EM-EP-210a.2: Percentage of proved and probable reserves in or near indigenous land	N/A
EM-EP-210. 3: Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights and operation in areas of conflict	12
OCCUPATIONAL HEALTH AND SAFETY	
EM-EP-320a.1: (1) Total recordable incident rate (TRIR), (2) Fatality Rate, and (3) Near Miss Frequency Rate for (a) full-time employees, (b) contract employees, and (c) short-service employees	Data Table
Average hours of health, safety, and emergency training for: 1. Full-time employees 2. Contract employees 3. Short-service employees	5
EM-EP-320a.2: Discussion of management systems used to integrate a culture of safety	4, 5
RESERVES EVALUATION & CAPITAL EXPENDITURES	
EM-EP-420a.4: Discussion of how price and demand for hydrocarbons and/or climate regulation influence the capital expenditure strategy for exploration, acquisition and development of assets	6, 7
BUSINESS ETHICS & TRANSPARENCY	
EM-EP-510a.2: Description of the management system for prevention of corruption and bribery throughout the value chain	12
MANAGEMENT OF THE LEGAL AND REGULATORY ENVIRONMENT	
EM-EP-530a.1: Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	12
CRITICAL INCIDENT RISK MANAGEMENT	
EM-EP-540a.2: Description of management systems used to identify and mitigate catastrophic and tail-end risks	8, 11

SASB Performance Table⁽¹⁾

Footnotes:

- (1) The Sustainable Accounting Standards Board (SASB), is an organization that has established industry-specific disclosure standards across environmental, social and governance topics that facilitate communication between companies and investors.

About this Report

This is Altura's first sustainability report, published on May 27, 2020, that is intended to capture the many topics and data that describe corporate sustainability for the year ended December 31, 2019. Financial data is reported in Canadian dollars. For more information on Altura's financial performance please refer to Altura's Management Discussion and Analysis (MD&A) for the year ended December 31, 2019 as well as our Annual Information Form (AIF), both of which are available on our website.

References to 'employees' represent full-time, permanent employees and 'workers' reflects all employees, consultants, and contractors. The information contained within this report has been reviewed and approved by Altura's relevant staff, senior management, President and CEO, and the Environment, Social and Governance Committee of the Corporation. For questions regarding this sustainability report please contact:

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About Altura Energy Inc.

Altura is a junior oil and gas exploration, development, and production company with operations in central Alberta. Altura predominantly produces from the Rex member in the Upper Mannville group and is focused on delivering per share growth and attractive shareholder returns through a combination of organic growth and strategic acquisitions. Altura's common shares are listed for trading on the TSX Venture Exchange under the symbol "ATU".

Additional information regarding Altura is available on SEDAR and on its website at www.alturaenergy.ca.

Market Summary at December 31, 2019

Shares Outstanding	108.9 million basic (insiders 10.4%) 128.4 million diluted (insiders 23.9%)
Q4 2019 Average Production	1,561 boepd (64% oil and liquids)
Q4 2019 Adjusted Funds Flow	\$3.0 million
Net Debt ⁽¹⁾	\$0.6 million
Market Capitalization ⁽²⁾	\$37.6 million
Enterprise Value ⁽³⁾	\$38.2 million
Credit Facility ⁽⁴⁾	\$9.0 million
Liability Management Rating (LMR) ⁽⁵⁾	9.5

Operations

Leduc-Woodbend Rex Reserves at December 31, 2019

Total Proved 6,168 Mboe

Total Proved + Probable 10,756 Mboe

57 gross (49.1 net) wells have booked reserves at December 31, 2019

15 gross (13.9 net) producing wells

32 gross (25.6 net) Proved Undeveloped drilling locations

10 gross (9.6 net) Probable Undeveloped drilling locations

Additional 66 gross 1.5-mile potential drilling opportunities at four wells per section



Footnotes:

(1) Net debt calculated at December 31, 2019

(2) Market capitalization is based on Altura's December 31, 2019 closing share price of \$0.345 per share

(3) Enterprise value equals market capitalization plus net debt

(4) Altura's credit facility at December 31, 2019

(5) The Corporation's Liability Management Rating ("LMR") with the Alberta Energy Regulator ("AER") was 9.5 at January 4, 2020

About Altura Energy Inc.

Significant Operational Changes

On December 4, 2019, the Corporation entered into a definitive agreement for an asset sale with a private company (PrivateCo). Under the terms of the agreement, PrivateCo will acquire a 12.5% working interest (Disposition Assets) in the Corporation's production, wells, lands, and facilities for \$7.0 million in two transactions. The asset sale provides Altura the funding to advance drilling its oil prospect in the Entice area of Alberta while maintaining financial strength and flexibility to continue development of the Rex pool at Leduc-Woodbend.

The first transaction closed on December 4, 2019, whereby Altura divested Disposition Assets equal to 7.0% of corporate assets for \$3.5 million. Proceeds will primarily be used to drill a horizontal well in the Entice area on or before March 31, 2020. Altura will carry PrivateCo for a 7.0% working interest in the well.

The second transaction will close on or before December 31, 2020 whereby Altura will divest 5.5% of corporate assets for \$3.5 million. Proceeds will primarily be used to drill a second horizontal well in the Entice area or a horizontal well in the Leduc-Woodbend area on or before December 31, 2020. If the well is drilled in Entice, PrivateCo will be carried for a 5.5% working interest in the well.

In the event a second well is drilled in Entice and both parties agree to drill a third well in Entice, the agreement provides for a third transaction whereby Altura will divest an additional 4.0% of corporate assets for \$3.0 million. Proceeds would primarily be used to drill a horizontal well in Entice on or before December 31, 2021. Altura would carry PrivateCo for a 4.0% working interest in the well.

If all three transactions close, Altura will have sold a total working interest of 16.5% of corporate assets, including asset retirement obligations (ARO), for total consideration of \$10.0 million. PrivateCo is arms-length to Altura and the transaction with PrivateCo constitutes an "exempt transaction" pursuant to TSXV Policy 5.3 because it satisfies the requirements of Section 3.1 of that policy.

Disclaimers

Non-GAAP Financial Measures

This report contains the terms adjusted funds flow and net debt, which do not have standardized meanings under Canadian generally accepted accounting principles (GAAP) and therefore may not be comparable with the calculations of similar measures by other companies. Altura considers adjusted funds flow to be a key measure of performance as it demonstrates the Corporation's ability to generate the necessary funds for sustaining capital, future growth through capital investment, and to repay debt. Management believes that such a measure provides a useful assessment of Altura's business on a continuing basis by eliminating certain non-cash charges, transaction costs, if any, and actual settlements of decommissioning obligations, the timing of which, in the opinion of management, is discretionary. Management views net debt as a key industry benchmark and measure to assess the Corporation's financial position and liquidity. Net debt is calculated as current assets, excluding the fair value of financial instruments less current liabilities, excluding the fair value of financial instruments, less the current portion of lease liabilities and the current portion of the decommissioning liability.

For additional information on the use of these measures including reconciliations to the most directly comparable GAAP measures, please see Altura's most recent Management's Discussion and Analysis on Altura's profile at www.sedar.com.

Forward-Looking Statements

This report contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "budget", "forecast", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "strategy" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this report contains forward-looking information and statements pertaining to:

- List specific forward looking statements, if any. If none, delete bullet and prior sentence

The forward-looking information and statements contained in this report reflect several material factors and expectations and assumptions of Altura including, without limitation:

- the continued performance of Altura's oil and gas properties in a manner consistent with its past experiences;
- that Altura will continue to conduct its operations in a manner consistent with past operations;
- the return of industry conditions to pre-COVID-19 levels;
- the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes;
- the accuracy of the estimates of Altura's reserves and resource volumes;
- certain commodity price and other cost assumptions;
- the continued availability of oilfield services; and
- the continued availability of adequate debt and equity financing and cash flow from operations to, among other things, fund its planned expenditures.

Disclaimers

Altura believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable based on prior operating history but no assurance can be given that these factors, expectations and assumptions will prove to be correct particularly in the current operating environment which is unprecedented by any standard. To the extent that any forward-looking information contained herein may be considered future oriented financial information or a financial outlook, such information has been included to provide readers with an understanding of management's assumptions used for budgeted and developing future plans and readers are cautioned that the information may not be appropriate for other purposes.

The forward-looking information and statements included in this report are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation:

- the COVID-19 pandemic and related disruptions in oil and gas markets, including the duration and impacts thereof;
- changes in commodity prices including, without limitation, as a result of COVID-19 pandemic;
- changes in commodity prices including, without limitation, as a result of the COVID-19 pandemic and related disruptions in oil and gas markets;
- unanticipated operating results or production declines;
- public health crises, such as the recent outbreak of COVID-19 and the related economic disruption that can result in volatility in financial markets, disruption to global supply chains, and the ability to directly and indirectly staff the Corporation's day to day operations;
- changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of Altura or by third-party operators of Altura's properties;
- increased debt levels or debt service requirements;
- inaccurate estimation of Altura's oil and gas reserve and resource volumes;
- limited, unfavorable or a lack of access to capital or debt markets;
- increased costs;
- a lack of adequate insurance coverage;
- the impact of competitors; and
- certain other risks detailed from time to time in Altura's public documents.

The forward-looking information and statements contained in this report speak only as of the date of this report, and Altura does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Oil and Gas Definitions

Barrels of oil equivalent (Boe) may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf : 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of oil, utilizing a conversion on a 6:1 basis



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