altura ENERGY INC.

Altura Energy Inc. Announces Second Quarter 2018 Results, Operational Update and Two Leduc-Woodbend Light Oil Acquisitions

August 9, 2018

Calgary, Alberta - Altura Energy Inc. ("Altura" or the "Corporation") (TSXV: ATU) is pleased to announce its financial and operating results for the three and six months ended June 30, 2018 and an operational update on its eight-well drilling program in the Corporation's Upper Mannville oil play at Leduc-Woodbend ("LWB"). In addition, the Corporation has closed an agreement (the "First Transaction") to acquire highly prospective Upper Mannville lands at LWB including a 40 percent working interest ("WI") in the LWB Glauconitic D Unit No.1 (the "Assets") for $2.7 million and has signed an agreement with a second party (the "Second Transaction") to purchase an additional 20 percent WI in the Assets for $1.1 million.

OPERATIONAL AND FINANCIAL SUMMARY

	Three months ended			Six months ended	
	June 30, 2018	March 31, 2018	June 30, 2017	**June 30, 2018**	June 30, 2017
OPERATING					
Average daily production					
Medium oil (Bbls/d)	**271**	408	652	**339**	595
Heavy oil (Bbls/d)	**478**	547	346	**513**	327
Natural gas (Mcf/d)	**1,309**	1,336	1,098	**1,323**	1,004
NGLs (Bbls/d)	**23**	37	25	**30**	20
Total (Boe/d)	**991**	1,215	1,205	**1,102**	1,110
Total Boe/d per million shares – diluted	**9.0**	11.1	11.0	**10.0**	10.2
Average realized prices					
Medium oil ($/Bbl)	**67.64**	51.06	50.64	**57.72**	51.91
Heavy oil ($/Bbl)	**58.83**	45.58	44.90	**51.80**	45.35
Natural gas ($/Mcf)	**1.32**	2.14	3.03	**1.74**	3.00
NGLs ($/Bbl)	**51.68**	50.44	36.44	**50.92**	38.02
Total ($/Boe)	**49.87**	41.58	43.77	**45.32**	44.61
NETBACK ($/Boe)					
Petroleum and natural gas sales	**49.87**	41.58	43.77	**45.32**	44.61
Royalties	**(4.69)**	(4.54)	(4.41)	**(4.60)**	(4.31)
Operating	**(12.26)**	(11.01)	(10.52)	**(11.58)**	(10.27)
Transportation	**(1.70)**	(1.65)	(2.55)	**(1.67)**	(2.36)
Operating netback(1)	**31.22**	24.38	26.29	**27.47**	27.67
General and administrative	**(5.17)**	(4.05)	(3.28)	**(4.56)**	(3.53)
Interest and financing expense	**(0.88)**	(0.51)	(0.27)	**(0.67)**	(0.18)
Interest income	**0.18**	-	0.03	**0.08**	0.09
Corporate netback(1)	**25.35**	19.82	22.77	**22.32**	24.05
FINANCIAL ($000, except per share amounts)					
Petroleum and natural gas sales	**4,497**	4,547	4,800	**9,044**	8,965
Adjusted funds flow(1)	**2,285**	2,168	2,496	**4,453**	4,833
Per share – diluted(1)	**0.02**	0.02	0.02	**0.04**	0.04
Cash flow from operating activities	**2,313**	2,443	2,269	**4,756**	5,063
Per share – diluted	**0.02**	0.02	0.02	**0.04**	0.05
Net income	**2,750**	177	594	**2,927**	607
Per share – diluted	**0.02**	-	0.01	**0.03**	0.01
Capital expenditures	**6,344**	7,345	3,828	**13,689**	12,780
Property dispositions	**(27,712)**	-	(750)	**(27,712)**	(750)
Net debt (working capital surplus)(1)	**(14,761)**	8,561	1,156	**(14,761)**	1,156
Common shares outstanding (000)					
End of period – basic	**108,921**	108,921	108,921	**108,921**	108,921
Weighted average for the period – basic	**108,921**	108,921	108,921	**108,921**	108,921
Weighted average for the period – diluted	**110,546**	109,133	109,082	**109,947**	109,191

(1) Adjusted funds flow, adjusted funds flow per share, net debt, corporate netback, and operating netback do not have standardized meanings prescribed by generally accepted accounting principles and therefore should not be considered in isolation. These reported amounts and their underlying calculations are not necessarily comparable or calculated in an identical manner to a similarly titled measure of other companies where similar terminology is used. Where these measures are used they should be given careful consideration by the reader. Refer to the Non-GAAP Measures paragraph in this news release.

SECOND QUARTER 2018 HIGHLIGHTS

Corporate

- Closed the sale of the Corporation's east central Alberta and Saskatchewan assets (the "Disposition") for $28.4 million ($27.7 million net of post-closing adjustments) on May 31, 2018. The second quarter includes operational and financial contribution from the Disposition up to the closing date of May 31, 2018.
- Corporate netback was $25.35 per Boe, up 11 percent from the second quarter of 2017 and up 28 percent from the first quarter of 2018.
- Net income was $2.8 million, which includes a gain on disposition of assets of $2.2 million, net of deferred tax expense.
- Ended the quarter with a $14.8 million working capital surplus and no debt.

Leduc-Woodbend

- Production volumes averaged 521 Boe per day (75 percent oil and liquids), an increase of 42 percent from the second quarter of 2017.
- Operating and transportation costs were $11.75 per Boe, down 17 percent from the second quarter of 2017.
- Operating netback was $31.66 per Boe, up 46 percent from the second quarter of 2017 and up 18 percent from the first quarter of 2018.
- The Corporation drilled two and completed one 1.5-mile extended reach horizontal ("ERH") well of the eight-well summer drilling program.
- Altura commenced the construction of its 3,000 to 3,500 barrel of oil per day multi-well oil battery which was completed and commissioned on-time and on-budget in late July.

OPERATIONAL UPDATE

Since acquiring its initial lands in 2015, the Corporation has accumulated a total of 69 net sections of land in the Upper Mannville oil pool in the LWB area. Altura commenced its eight-well summer drilling program on June 9, 2018. Six of the eight wells are now drilled, bringing the total horizontal well count in this Upper Mannville oil pool to 11. One well commenced production on July 15th and five wells are in various stages of completion and frac fluid clean-up.

Drilling operations for the eight-well program are expected to be under budget and completed by the end of August, approximately four weeks ahead of schedule. The Corporation plans to bring the remaining seven wells on production throughout the third and fourth quarters of 2018. Operational efficiencies continue to improve on this play as illustrated by the increased drilling rate shown in the following table.

	August 2017-January 2018	June 2018-July 2018	Percent Change
ERH wells drilled (#)	3	6	
Average spud to rig release (days)	11.0	8.5	23% reduction
Drilling rate (meters/day)	320	439	37% increase

Performance of Altura's first three ERH wells drilled in the August 2017 to January 2018 period are meeting management's expectations. The Corporation continues to optimize completion design and is conducting a pilot on two of the eight wells in the current program to evaluate further improvement in well productivity and reserves. On the pilot wells, the Corporation intends to increase the frac density by reducing the frac spacing to 30 meters from 45 meters and reducing the per interval sand tonnage from 20 tonnes to 15 tonnes. This will result in a 50 percent increase in the number of fracs and a 20 percent increase in the overall sand tonnage. Management expects that this will increase initial production rates and reserves, and yield a higher rate of return than current well expectations.

Altura has also completed the construction of a multi-well oil battery at 12-14-049-26W4 on-time and on-budget and commissioned the battery on July 30th. The battery has a processing capacity of approximately 3,000 to 3,500 barrels of oil per day and enables Altura to haul clean oil, providing additional sales terminal options to maximize pricing and reduced oil treating expenses associated with hauling emulsion.

ASSET ACQUISITIONS SUBSEQUENT TO QUARTER-END

First Transaction

The First Transaction was closed on July 31, 2018 for cash consideration of $2,725,000, subject to customary post-closing adjustments. Altura acquired 2.6 net sections of highly prospective lands in the Upper Mannville oil pool at LWB and a 40 percent WI in the Assets with approximately 80 Boe/d net (90 percent oil & liquids) of operated, low decline, Glauconite light oil (33° API) production.

Second Transaction

A purchase and sale agreement for the Second Transaction was signed on July 24, 2018 for cash consideration of $1,050,000, subject to customary post-closing adjustments. The effective date is July 1, 2018 and closing is expected to occur on December 1, 2018, subject to customary closing conditions. The Corporation will acquire 0.4 net sections of highly prospective lands in the Upper Mannville oil pool at LWB and a 20 percent WI in the Assets with approximately 40 Boe/d net (90 percent oil & liquids) of low decline, Glauconite light oil (33° API) production.

Acquisitions Summary

The combination of the highly prospective lands from the two transactions and Altura's existing lands in the associated drilling spacing units will add eight Upper Mannville ERH drilling opportunities. Additionally, the Assets include significant infrastructure including a 3,000 barrel of oil per day multi-well battery, water injection facility and gathering pipelines. This infrastructure is under utilized and can potentially be leveraged through Altura's Upper Mannville development to lower operating costs for Altura and the Glauconitic D Unit No.1 owners.

The First Transaction and Second Transaction are aggregated and summarized as follows:

Combined purchase price	$3,775,000
Upper Mannville ERH drilling opportunities added(1) (#)	8
Combined current production volumes(2) (Boe/d)	120
Current operating netback(3) ($/Boe)	$22.70
Annualized operating income(4)	$870,000
Metrics	
$/flowing Boe per day(5) ($/Boe/d)	$31,500
Cash flow multiple(4)(6) (times)	4.3

(1) When combined with Altura's existing lands in the associated drilling spacing units.
(2) Current net production from the two transactions is estimated at 120 Boe/d based on field estimates.
(3) Current operating netback is based on Altura's forecast WTI of US$65.00/bbl, an exchange rate of $0.77 USD/CAD and $1.90/GJ for natural gas. Operating netback is a non-GAAP measure. Refer to the Non-GAAP Measures section of this press release.
(4) Annualized operating income equals forecasted 12-month production volumes of 105 Boe/d times current operating netback times days in the year (105 Boe/d x $22.70/Boe x 365 days).
(5) $/flowing Boe per day equals combined purchase price divided by combined current production volumes ($3,775,000/120 Boe/d).
(6) Cash flow multiple equals combined purchase price divided by annualized operating income ($3,775,000/$870,000).

OUTLOOK

Altura's guidance provided on May 15, 2018 outlined a 7.7 net ERH well summer drilling program with total 2018 capital expenditures of $33 million and a 2018 exit rate of 1,900 Boe per day. The Corporation now expects to drill 8.0 net ERH wells in the summer program which will include testing higher frac density while maintaining capital expenditures at $33 million. The increase in net wells drilled and increased costs associated with testing higher frac density is expected to be offset by decreased drilling costs per well.

Production from the drilling program and the two acquisitions is forecast to offset base declines and grow overall production to exit 2018 at a rate of approximately 2,000 Boe per day. Capital expenditures are expected to be funded from cash on hand, cash flow from operating activities and Altura's $3 million credit facility.

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.

An updated corporate presentation is available on Altura's website at www.alturaenergy.ca.

READER ADVISORIES

Forward-looking Information and Statements

This press release 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 press release contains forward-looking information and statements pertaining to:

- Altura's business plans and strategy including its 2018 drilling, completion and on-production plans;
- Altura's plans to increase frac density on two pilot wells and expected benefits to production volumes, reserves and rate of return;
- the anticipated closing date of the Second Transaction;
- number of potential drilling opportunities associated with the Assets combined with Altura's existing lands;
- Altura's ability to leverage unutilized infrastructure associated with the Assets;
- forecasted 2018 capital spending; and
- forecasted 2018 exit production rate.

The forward-looking information and statements contained in this press release 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 general continuance of current industry conditions;
- 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 fund its planned expenditures.

Altura believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct. 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 press release 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:

- changes in commodity prices;
- changes in the demand for or supply of Altura's products;
- unanticipated operating results or production declines;
- 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 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 press release speak only as of the date of this press release, 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 Advisories

Barrels of Oil Equivalent

The term barrels of oil equivalent ("Boe") may be misleading, particularly if used in isolation. Per Boe amounts have been calculated by using the conversion ratio of six thousand cubic feet (6 Mcf) of natural gas to one barrel (1 Bbl) of crude oil. The Boe conversion ratio of 6 Mcf to 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 equivalent of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Potential Drilling Opportunities

Potential drilling opportunities are internal estimates based on the Corporation's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Potential drilling opportunities do not have attributed reserves or resources.

Non-GAAP Measures

This press release contains references to measures used in the oil and natural gas industry such as "adjusted funds flow", "net debt", "corporate netback", " adjusted funds flow per share", "operating income", and "operating netback". These measures do not have standardized meanings prescribed by generally accepted accounting principles ("GAAP") and therefore should not be considered in isolation. These reported amounts and their underlying calculations are not necessarily comparable or calculated in an identical manner to a similarly titled measure of other companies where similar terminology is used. Where these measures are used, they should be given careful consideration by the reader. These measures have been described and presented in the press release to provide shareholders and potential investors with additional information regarding the Corporation's liquidity and its ability to generate funds to finance its operations.

Adjusted funds flow should not be considered an alternative to, or more meaningful than, cash provided by operating, investing and financing activities or net income as determined in accordance with GAAP, as an indicator of Altura's performance or liquidity. Adjusted funds flow is used by Altura to evaluate operating results and the Corporation's ability to generate cash flow to fund capital expenditures and repay indebtedness. Adjusted funds flow denotes cash flow from operating activities as it appears on the Corporation's statement of cash flows before decommissioning expenditures, if any, transaction costs and changes in non-cash operating working capital. Adjusted funds flow per share is calculated as adjusted funds flow divided by the weighted average number of basic and diluted common shares outstanding. Operating income denotes total sales less royalty expenses and operating and transportation costs. Operating netback is operating income calculated on a per Boe basis. Corporate netback denotes operating netback less general and administrative, interest and financing expense, exploration expense plus interest income on a per Boe basis. Altura uses net debt as a measure to assess its financial position. Net debt is equivalent to working capital deficit.

For further information please contact:

Altura Energy Inc.
200, 640 – 5th Avenue SW
Calgary, Alberta T2P 3G4
Telephone (403) 984-5197
www.alturaenergy.ca

David Burghardt
President and Chief Executive Officer
Direct (403) 984-5195

Tavis Carlson
Vice President, Finance and Chief Financial Officer
Direct (403) 984-5196

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