altura ENERGY INC.

Altura Energy Inc. Announces Second Quarter 2016 Financial Results and Operational Update

August 11, 2016

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Calgary, Alberta - Altura Energy Inc. ("Altura" or the "Corporation") (TSX Venture: ATU) is pleased to announce its financial and operating results for the three and six months ended June 30, 2016 and operational update. The associated management's discussion and analysis ("MD&A") and unaudited interim condensed consolidated financial statements as at June 30, 2016 and for the three and six months ended June 30, 2016 can be found at www.sedar.com and www.alturaenergy.ca.

OPERATIONAL AND FINANCIAL SUMMARY

	Three months ended			**Six months ended**	
	June 30, 2016	March 31, 2016	June 30, 2015	**June 30, 2016**	June 30, 2015
OPERATING					
Average daily production					
Crude oil (bbls/d)	**271**	341	282	**306**	318
Natural gas (mcf/d)	**289**	348	238	**319**	253
NGLs (bbls/d)	**4**	7	3	**5**	4
Total (boe/d)	**323**	405	325	**364**	365
Average realized prices					
Crude oil ($/bbl)	**44.21**	28.04	58.24	**35.19**	50.20
Natural gas ($/mcf)	**1.53**	1.96	2.83	**1.76**	2.91
NGLs ($/bbl)	**52.30**	24.26	86.22	**35.02**	55.32
Total ($/boe)	**39.08**	25.65	53.44	**31.60**	46.48
NETBACK AND COST ($/boe)					
Petroleum and natural gas sales	**39.08**	25.65	53.44	**31.60**	46.48
Royalties	**(2.06)**	(1.33)	(2.22)	**(1.65)**	(2.04)
Operating	**(11.45)**	(9.67)	(12.92)	**(10.46)**	(10.90)
Transportation	**(2.88)**	(2.81)	(3.14)	**(2.84)**	(2.85)
Operating netback(1)	**22.69**	11.84	35.16	**16.65**	30.69
General and administrative (excluding severance costs)	**(11.77)**	(9.65)	(8.20)	**(10.59)**	(7.39)
Severance costs included in G&A(3)	**(5.88)**	-	-	**(2.61)**	-
Interest and financing expense	**(0.70)**	(0.18)	(0.22)	**(0.41)**	(0.17)
Exploration expense	**(1.01)**	-	-	**(0.45)**	-
Interest income	**1.79**	1.19	-	**1.46**	0.01
Corporate netback(1)	**5.12**	3.20	26.74	**4.05**	23.14
FINANCIAL ($000, except per share amounts)					
Petroleum and natural gas sales	**1,149**	946	1,580	**2,095**	3,069
Funds from operations(1)	**149**	117	790	**266**	1,528
Per share – basic and diluted(1)	**-**	-	0.02	**-**	0.04
Cash flow from (used in) operating activities	**28**	(137)	715	**(109)**	1,393
Per share – basic and diluted	**-**	-	0.02	**-**	0.04
Income (loss)	**(692)**	(753)	203	**(1,445)**	564
Per share – basic and diluted	**(0.01)**	(0.01)	0.01	**(0.01)**	0.02
Capital expenditures and acquisitions	**2,294**	204	969	**2,498**	1,357
Working capital surplus (deficit)	**20,011**	22,199	(515)	**20,011**	(515)
Common shares outstanding (000)(2)					
End of period – basic	**108,921**	108,921	34,704	**108,921**	34,704
Weighted average for the period – basic	**108,921**	108,921	35,074	**108,921**	35,181
Weighted average for the period – diluted	**108,921**	108,921	35,074	**108,921**	35,181

(1) Funds from operations, funds from operations per share, 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 the Advisories section of the MD&A.

(2) A share consolidation was effected on October 16, 2015. The number of shares, warrants and options outstanding have been adjusted for the consolidation on a retroactive basis.

(3) Altura incurred $173,000 ($5.88 per boe and $2.61 per boe for the three and six months ended June 30, 2016) of one-time severance costs in the second quarter of 2016 associated with the termination of a former officer of the Corporation.

SECOND QUARTER 2016 HIGHLIGHTS

- Capital expenditures totaled $2.3 million with investment focused on the Klein North area where Altura drilled two gross (2.0 net) wells that were equipped and brought on-stream in July. A third well was drilled subsequent to June 30, 2016 fulfilling the Corporation's October 31, 2016 drilling commitment deadline.
- Production volumes averaged 323 boe per day, 20 percent lower than the first quarter of 2016 average of 405 boe per day and consistent with the second quarter of 2015. The 82 boe per day decline from the first quarter of 2016 is a result of expected natural production declines, estimated at 44 boe per day, coupled with operational downtime, a third party turnaround and workover activities, estimated at 38 boe per day.
- Funds from operations were $149,000, up 27 percent from the first quarter of 2016 and down 81 percent from the second quarter of 2015 as a result of significantly lower realized crude oil and natural gas prices. Funds from operations were impacted by a severance payment of $173,000 and an exploration expense of $30,000 in the quarter. Excluding these one-time expenses, funds from operations would have been $352,000.
- Operating netback was $22.69 per boe, up 92 percent from the first quarter of 2016 and down 35 percent from the first quarter of 2015 as a result of the decline in the average realized sales prices.
- Exited the quarter with a Liability Management Rating ("LMR") of 7.0 with the Alberta Energy Regulator.
- Ended the quarter with a $20.0 million working capital surplus and no debt.

OPERATIONAL UPDATE

Altura initiated its 2016 drilling program in June with two gross (2.0 net) horizontal wells drilled and completed in the Sparky Formation of the Upper Mannville. The 100 percent working interest wells were put on pump and brought on production on July 4, 2016. Individual production rates from the wells over the last 14 days of production have averaged 121 barrels per day of 26° API oil with 70 mcf per day of natural gas, or 133 boe per day.[1] These rates exceed Altura's type curve initial production rate for wells in the Klein North pool of 120 boe per day. Altura's current production is greater than 500 boe per day based on field estimates for the first week of August 2016.

Total drilling, completion, equipping and tie-in costs for the two Klein North wells are estimated to average $965,000 per well, which is $133,000 or 12 percent less than the Klein North well that Altura drilled in November 2015. The decreased cost is a result of decreased drilling days, lower service costs and multi-well cost efficiencies. The November 2015 offsetting well was drilled in 5.4 days and the Corporation improved on this by reducing the drilling time to 4.4 days and 3.1 days for the two wells drilled in June.

Altura achieved second quarter production of 323 boe per day, down 82 boe per day from the first quarter of 2016 as a result of natural production declines from minimal 2016 capital development prior to June, coupled with operational downtime, a third party turnaround and workover activities. The additional workovers and the lower production negatively impacted the Corporation's per unit operating and transportation costs, resulting in a 15 percent increase from the first quarter of 2016.

Subsequent to June 30, 2016, the Corporation drilled its third well in 2016, which has fulfilled the Corporation's drilling commitment.

OUTLOOK

The 2016 budget, including drilling, completion, equipping and tie-in capital of $8.7 million remains unchanged from the budget announced on March 31, 2016. Three (3.0 net) wells have been drilled to date and four (3.4 net) wells remain to be drilled. The program is forecasted to grow overall production to exit 2016 at 770 boe per day, 90 percent higher than the first quarter of 2016 average of 405 boe per day.

Management intends to continuously monitor commodity prices and may at any time adjust the 2016 capital program if oil prices deteriorate or strengthen. This will ensure that Altura maintains a strong balance sheet and that returns on invested capital exceed the Corporation's hurdle rate.

Altura is currently pursuing conventional crude oil plays in the Western Canadian Sedimentary Basin with an initial focus in central Alberta targeting the shallow, multi-zone, oil-weighted section of the Upper Mannville. This area is expected to generate strong cash netbacks with competitive drilling and completion costs for these shallow targets, thereby delivering attractive economics in the context of the current commodity price environment. To diversify and

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[1] Any references in this document to initial production rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Corporation.

strengthen the long-term profitability of the Corporation, Altura is also evaluating other oil-prone regions that demonstrate these attributes.

Looking ahead, with a cash position of $20.0 million and no debt at the end of the second quarter of 2016, the Corporation is well-positioned to:

- Profitably grow corporate production and evaluate recently acquired lands by drilling select horizontal wells from its drilling inventory;
- Establish the Corporation in a second organic play concept by acquiring strategic parcels of land during a period when land prices are at a 20-year low; and
- Capitalize on strategic acquisition opportunities with the advantage provided by its strong LMR which gives the Corporation flexibility in respect to acquisition targets having lower LMR's.

ABOUT ALTURA ENERGY INC.

Altura Energy Inc. is a public oil and gas corporation active in the exploration and development of oil and natural gas in east central Alberta.

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 the following: 2016 capital expenditure budget, including details of expected drilling and completion plans relating to such budget, the ability to grow corporate production volumes, establishing the Corporation in a second organic play and potential acquisition opportunities.

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

Non-GAAP Measures

This press release contains references to measures used in the oil and natural gas industry such as "funds from operations", "corporate netback", "funds from operations per share", 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 in order to provide shareholders and potential investors with additional information regarding the Corporation's liquidity and its ability to generate funds to finance its operations.

Funds from operations 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. Funds from operations is used by Altura to evaluate operating results and the Corporation's ability to generate cash flow to fund capital expenditures and repay indebtedness. Funds from operations 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. Funds from operations is also derived from income (loss) plus transaction costs and non-cash items including deferred income tax expense, depletion, depreciation and amortization expense, share-based compensation expense, impairment, the gain (loss) on investments, flow-through share renunciation, gains (losses) on disposition of assets and accretion expense. Funds from operations per share is calculated as funds from operations divided by the weighted average number of basic and diluted common shares outstanding. Operating netback denotes total sales less royalty expenses, and operating and transportation costs 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.

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.

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