



## Altura Energy Inc. Announces Second Quarter 2019 Financial and Operating Results

August 15, 2019

**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, 2019. The unaudited interim condensed consolidated financial statements and related management's discussion and analysis ("MD&A") are available at [www.sedar.com](http://www.sedar.com) and [www.alturaenergy.ca](http://www.alturaenergy.ca). Selected financial and operating information for the three and six months ended June 30, 2019 appear below and should be read in conjunction with the related financial statements and MD&A.

### OPERATIONAL AND FINANCIAL SUMMARY

	Three months ended			Six months ended	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
<b>OPERATING</b>					
Average daily production					
Heavy oil (bbls/d)	<b>1,016</b>	1,404	478	<b>1,210</b>	513
Medium oil (bbls/d)	-	68	271	<b>34</b>	339
Natural gas (Mcf/d)	<b>2,914</b>	2,510	1,309	<b>2,713</b>	1,323
NGLs (bbls/d)	<b>88</b>	47	23	<b>68</b>	30
Total (boe/d)	<b>1,591</b>	1,939	991	<b>1,764</b>	1,102
Total boe/d per million shares – diluted	<b>14.4</b>	17.6	9.0	<b>16.0</b>	10.0
Average realized prices					
Heavy oil (\$/bbl)	<b>62.83</b>	51.62	58.83	<b>56.36</b>	51.80
Medium oil (\$/bbl)	-	48.97	67.64	<b>48.97</b>	57.72
Natural gas (\$/Mcf)	<b>1.30</b>	2.06	1.32	<b>1.65</b>	1.74
NGLs (\$/bbl)	<b>24.23</b>	37.16	51.68	<b>28.70</b>	50.92
Total (\$/boe)	<b>43.89</b>	42.71	49.87	<b>43.24</b>	45.32
(\$/boe)					
Petroleum and natural gas sales	<b>43.89</b>	42.71	49.87	<b>43.24</b>	45.32
Realized gain on financial instruments	<b>1.23</b>	-	-	<b>0.56</b>	-
Royalties	<b>(4.08)</b>	(3.98)	(4.69)	<b>(4.03)</b>	(4.60)
Operating	<b>(9.56)</b>	(8.18)	(12.26)	<b>(8.81)</b>	(11.58)
Transportation	<b>(4.92)</b>	(3.70)	(1.70)	<b>(4.25)</b>	(1.67)
Operating netback <sup>(1)</sup>	<b>26.56</b>	26.85	31.22	<b>26.71</b>	27.47
General and administrative	<b>(2.94)</b>	(2.64)	(5.17)	<b>(2.78)</b>	(4.56)
Exploration expense	-	(0.12)	-	<b>(0.07)</b>	-
Credit facility interest and financing expense	<b>(0.50)</b>	(0.29)	(0.88)	<b>(0.39)</b>	(0.67)
Interest Income	-	-	0.18	-	0.08
Adjusted funds flow per boe <sup>(1)</sup>	<b>23.12</b>	23.80	25.35	<b>23.47</b>	22.32
<b>FINANCIAL</b> (\$000, except per share amounts)					
Petroleum and natural gas sales	<b>6,353</b>	7,453	4,497	<b>13,806</b>	9,044
Adjusted funds flow <sup>(1)</sup>	<b>3,346</b>	4,153	2,285	<b>7,499</b>	4,453
Per share – diluted <sup>(1)</sup>	<b>0.03</b>	0.04	0.02	<b>0.07</b>	0.04
Net income	<b>1,044</b>	929	2,750	<b>1,973</b>	2,927
Per share – diluted	<b>0.01</b>	0.01	0.02	<b>0.02</b>	0.03
Capital expenditures	<b>6,350</b>	1,453	6,344	<b>7,803</b>	13,689
Property dispositions	-	-	(27,712)	-	(27,712)
Total capital expenditures	<b>6,350</b>	1,453	(21,368)	<b>7,803</b>	(14,023)
Net debt/(working capital surplus) <sup>(1)</sup>	<b>5,109</b>	2,105	(14,761)	<b>5,109</b>	(14,761)

Common shares outstanding (000)					
End of period – basic	<b>108,921</b>	108,921	108,921	<b>108,921</b>	108,921
Weighted average for the period – basic <sup>(2)</sup>	<b>108,921</b>	108,921	108,921	<b>108,921</b>	108,921
Weighted average for the period – diluted <sup>(2)</sup>	<b>110,503</b>	110,430	110,546	<b>110,466</b>	109,947

1. Adjusted funds flow, net debt and operating netback are non-GAAP measures that do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. Refer to the heading entitled "Non-GAAP Measures" contained within the "Advisories" section of Altura's MD&A.

## SECOND QUARTER 2019 HIGHLIGHTS

- Produced an average of 1,591 boe per day, an increase of 60 percent on an absolute and per share basis from the second quarter of 2018.
- Generated adjusted funds flow<sup>1</sup> of \$3.3 million, up 46 percent on an absolute and per share basis from the second quarter of 2018.
- Generated net income of \$1.0 million compared to net income of \$2.8 million in the second quarter of 2018. The second quarter of 2018 net income included a gain on disposition of assets of \$2.9 million.
- Capital expenditures totaled \$6.4 million. Altura drilled two 1.5-mile extended reach horizontal ("ERH") wells, a vertical stratigraphic well in a new area and completed its solution gas compressor installation at Leduc-Woodbend.
- Year-to-date capital expenditures totaled \$7.8 million, consistent with year-to-date adjusted funds flow of \$7.5 million.
- Net debt<sup>1</sup> at June 30, 2019 was \$5.1 million, 0.4 times annualized second quarter adjusted funds flow.
- August 2019 AER Liability Management Rating ("LMR") of 10.53.

## SECOND QUARTER REVIEW

Second quarter production averaged 1,591 boe per day, down 348 boe per day or 18 percent from the first quarter of 2019. Production was affected by natural declines as no new wells were brought on production, and by well down time from workover activities in the quarter. The well down time adversely impacted production volumes by approximately 205 boe per day in the quarter.

Altura's realized heavy oil price increased 22 percent in the second quarter from the first quarter of 2019 while the Corporation's average realized price increased three percent due to lower natural gas prices, lower propane and butane prices and an increased weighting of natural gas production relative to total production.

Operating costs in the second quarter increased 17 percent to \$9.56 per boe from the first quarter of 2019 due to workover activities in April and May 2019 and increased gas processing costs. To improve well run-time efficiency and reduce future operating costs, the Corporation incurred \$1.0 million in capital expenditures to convert six wells from progressive cavity pumps to pumpjacks in June 2019. As a result, operating costs decreased from \$10.99 per boe in April and May 2019 to \$6.62 per boe in June 2019.

Transportation costs increased 33 percent to \$4.92 per boe from the first quarter of 2019 due to hauling reduced loads of clean oil during annual spring break-up road bans in April and May 2019. Transportation costs decreased from \$5.62 per boe in April and May 2019 to \$3.47 per boe in June 2019 after road bans were lifted.

Adjusted funds flow<sup>1</sup> was \$3.3 million in the second quarter of 2019, down 19 percent from the first quarter of 2019 due to decreased production volumes and higher operating and transportation costs.

The Corporation's operating netback<sup>1</sup> averaged \$26.56 per boe, consistent with the first quarter of 2019 operating netback of \$26.85 per boe.

Altura drilled two ERH wells at Leduc-Woodbend and a vertical stratigraphic well in a new area called Entice, located south of Strathmore, Alberta. The geological and geophysical data obtained from the stratigraphic well has been reviewed and further appraisal of the concept will be undertaken at the discretion of the Corporation.

<sup>1</sup> Adjusted funds flow, net debt and operating netback are non-GAAP measures that do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. Refer to the heading entitled "Non-GAAP Measures" contained within the "Advisories" section of Altura's MD&A.

## **OPERATIONAL UPDATE**

The two ERH wells drilled in the second quarter were completed and equipped for production in July and brought on production in August 2019 with estimated drill, completion and equipping costs of \$2.3 million per well, 13 percent lower than the 2018 ERH well costs. The reduction in well costs is mainly attributed to efficiencies on the well completions.

## **OUTLOOK**

Altura's adjusted funds flow in the second quarter of 2019 was adversely impacted by down time and increased operating costs associated with the workover activities. To maintain a strong balance sheet, Altura's 2019 capital expenditure budget of \$15.0 million has been reduced by \$1.5 million to \$13.5 million and includes drilling a total of three ERH wells at Leduc-Woodbend. This is down from four ERH wells in the previous guidance. Additionally, the Corporation has budgeted \$0.8 million for the second half of 2019 to convert the remaining five wells at Leduc-Woodbend from progressive cavity pumps to pumpjacks to reduce future down time and operating costs associated with workover activities.

Altura is progressing its waterflood pilot project at Leduc-Woodbend. The two ERH wells drilled in the second quarter were drilled at 200 meter inter-well spacing, offsetting an existing horizontal well that is planned to be converted to a water injector in the fourth quarter of 2019.

Despite the downward revision in capital, Altura's base production coupled with production from its planned capital program continues to be forecasted to grow annual average production to between 1,700 to 1,800 Boe per day in 2019 (unchanged from prior guidance), compared to 1,172 Boe per day in 2018, representing more than a 45 percent increase on an absolute and per share basis.

Management intends to continuously monitor well performance and commodity prices throughout the year and may at any time adjust the 2019 capital program if well performance is exceeding expectations or if oil prices deteriorate or strengthen. The capital program leaves Altura with a conservative balance sheet and the flexibility to accelerate development in the fourth quarter of 2019 if results and commodity prices are supportive.

## **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](http://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:

- the 2019 capital expenditure program;
- plans to further appraise the Entice concept;
- forecasted average production and percent growth for 2019; and
- plans to implement a waterflood pilot project in 2019.

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.

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