



Altura Energy Inc. Announces Q2 2020 Results and Renewal of Credit Facility

August 28, 2020

Calgary, Alberta - Altura Energy Inc. ("Altura" or the "Corporation") (TSXV: ATU) announces its financial and operating results for the three and six months ended June 30, 2020 and the renewal of its credit facility. The unaudited interim condensed consolidated financial statements and related management's discussion and analysis ("MD&A") are available at www.sedar.com and www.alturaenergy.ca. Selected financial and operating information for the three and six months ended June 30, 2020 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, 2020	March 31, 2020	June 30, 2019	June 30, 2020	June 30, 2019
OPERATING					
Average daily production					
Heavy oil (bbls/d)	213	667	1,016	440	1,210
Light & medium oil (bbls/d)	-	8	-	4	34
Natural gas (Mcf/d)	1,154	2,926	2,914	2,040	2,713
NGLs (bbls/d)	30	87	88	59	68
Total (boe/d)	435	1,250	1,591	843	1,764
Total boe/d per million shares – diluted	4.0	11.5	14.4	7.7	16.0
Average realized prices					
Heavy oil (\$/bbl)	21.39	33.06	62.83	30.24	56.36
Light & medium oil (\$/bbl)	-	20.85	-	20.85	48.97
Natural gas (\$/Mcf)	2.06	2.20	1.30	2.16	1.65
NGLs (\$/bbl)	6.46	22.02	24.23	18.03	28.70
Total (\$/boe)	16.36	24.46	43.89	22.37	43.24
(\$/boe)					
Petroleum and natural gas sales	16.36	24.46	43.89	22.37	43.24
Realized gain on financial instruments	16.60	5.53	1.23	8.39	0.56
Royalties	0.28	(1.96)	(4.08)	(1.38)	(4.03)
Operating	(16.27)	(12.19)	(9.56)	(13.24)	(8.81)
Transportation	(2.46)	(2.49)	(4.92)	(2.48)	(4.25)
Operating netback ⁽¹⁾	14.51	13.35	26.56	13.66	26.71
General and administrative	(7.98)	(3.50)	(2.94)	(4.66)	(2.78)
Exploration expense	-	-	-	-	(0.07)
Interest and financing expense (cash)	(1.42)	(0.17)	(0.50)	(0.49)	(0.39)
Adjusted funds flow per boe ⁽¹⁾	5.11	9.68	23.12	8.51	23.47
FINANCIAL (\$000, except per share amounts)					
Petroleum and natural gas sales	647	2,783	6,353	3,430	13,806
Cash flow from operating activities	512	1,183	3,568	1,695	5,858
Per share – diluted	-	0.01	0.03	0.02	0.05
Adjusted funds flow ⁽¹⁾	204	1,102	3,346	1,306	7,499
Per share – diluted ⁽¹⁾	-	0.01	0.03	0.01	0.07
Net income (loss)	(1,247)	(31,529)	1,044	(32,776)	1,973
Per share – basic	(0.01)	(0.29)	0.01	(0.30)	0.02
Per share – diluted ⁽²⁾	(0.01)	(0.29)	0.01	(0.30)	0.02
Capital expenditures	218	7,082	6,350	7,300	7,803
Property disposition	(871)	-	-	(871)	-
Total capital expenditures, net	(653)	7,082	6,350	6,429	7,803
Net debt ⁽¹⁾	5,335	6,183	5,109	5,335	5,109
Common shares outstanding (000)					
End of period – basic	108,921	108,921	108,921	108,921	108,921
Weighted average for the period – basic ⁽²⁾	108,921	108,921	108,921	108,921	108,921
Weighted average for the period – diluted ⁽²⁾	108,921	108,936	110,503	108,921	110,947

- 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.
- Basic weighted average shares are used to calculate diluted per share amounts when the Corporation is in a loss position.

SECOND QUARTER 2020 REVIEW

Production volumes averaged 435 boe per day in the second quarter, a 65% decrease from the first quarter of 2020. Production in the quarter was impacted by Altura's voluntary production curtailment of approximately 700 boe per day in response to the severe decline in crude oil prices caused by the COVID-19 pandemic and OPEC production quota concerns. Altura curtailed approximately 525 boe per day in April and as crude oil prices continued to rapidly decline in April, Altura made the decision to shut in all corporate production for the month of May. The Corporation began restoring curtailed volumes in June as oil prices improved, and production volumes increased to approximately 1,050 boe per day in July. Wet weather and third-party restrictions delayed approximately 300 boe per day of production from three wells that are expected to be back online in mid-September.

Altura's realized heavy oil price decreased 35% to \$21.39 per barrel in the second quarter compared to \$33.06 per barrel in the first quarter of 2020 and decreased 66% compared to \$62.83 per barrel in the second quarter of 2019.

The Corporation realized a gain on financial instruments of \$658,000 (\$16.60 per boe) which reflected cash settlements received on Western Canadian Select ("WCS") contracts.

Operating expenses in the second quarter were \$16.27 per boe, compared to \$12.19 per boe in the first quarter of 2020. The increase was mainly due to lower volumes from the voluntary production curtailment. Transportation expenses were \$2.46 per boe, consistent with \$2.49 per boe in the first quarter of 2020.

The Corporation's operating netback¹ averaged \$14.51 per boe, up 9% from the first quarter of 2020 due to an increased gain on financial instruments and lower royalty expenses, partially offset by lower crude oil prices and higher operating expenses.

Adjusted funds flow¹ was \$0.2 million in the quarter, down 81% from the first quarter of 2020 due to lower production volumes, lower crude oil prices and higher per unit operating expenses.

Altura received \$88,000 under the Canada Emergency Wage Subsidy in the second quarter, which was applied against G&A expenses.

Altura recorded a net loss of \$1.2 million in the quarter due mainly to an unrealized loss on financial instruments of \$1.5 million, partially offset by a gain on property disposition of \$0.6 million.

On June 30, 2020, Altura divested of a 1.375% working interest in the Corporation's production, wells, lands and facilities for cash of \$871,000 after transaction costs as outlined in the Corporation's June 30, 2020 news release.

Altura's net debt¹ was \$5.3 million as at June 30, 2020, a decrease of \$0.9 million from March 31, 2020.

CREDIT FACILITY RENEWAL

In August, Altura and its lender completed the redetermination of its revolving operating demand loan (the "Operating Loan") and the borrowing base was confirmed at \$6.0 million. Additionally, Altura secured a \$3.0 million term loan from its lender through the Business Credit Availability Program ("BCAP") from the Export Development Bank of Canada ("EDC") (the "Term Loan"). The Operating Loan and the Term Loan (collectively the "Credit Facilities") will provide Altura with \$9.0 million of total Credit Facilities. Considering Altura's net debt of \$5.3 million as at June 30, 2020, the Corporation has sufficient liquidity to execute its business plan in the current volatile commodity market. The next review date for the Credit Facilities has been scheduled for May 31, 2021 but may be set at an earlier or later date at the sole discretion of the lender.

The Term Loan is a non-revolving term facility to be used exclusively to provide additional liquidity to finance Altura's business operations. It has a five-year maturity with no less than 50% of amounts outstanding due on August 27, 2024 and the remaining balance due on August 27, 2025.

The interest rate on the Credit Facilities is the Lender's prime rate plus 4.5 percent per annum. Please refer to Altura's second quarter of 2020 MD&A and financial statements for additional information on the Credit Facilities.

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.

HEDGING

Altura had the following crude oil contracts as at June 30, 2020 hedged to June 30, 2021:

Period	Commodity	Type of Contract	Quantity	Pricing Point	Contract Price
Jul 1/20—Sep 30/20	Crude Oil	Fixed	300 bbls/d	WCS	CAD \$43.75
Oct 1/20—Dec 31/20	Crude Oil	Fixed	300 bbls/d	WTI	CAD \$71.35
Oct 1/20—Dec 31/20	Crude Oil	Fixed	300 bbls/d	WCS-WTI Differential	CAD (\$24.00)
Jan 1/21—Jun 30/21	Crude Oil	Fixed	100 bbls/d	WCS	CAD \$32.25

Subsequent to June 30, 2020, Altura entered into the following commodity contracts:

Period	Commodity	Type of Contract	Quantity	Pricing Point	Contract Price
Jan 1/21—Jun 30/21	Crude Oil	Fixed	100 bbls/d	WCS	CAD \$39.20
Sep 1/20—Oct 31/20	Natural Gas	Fixed	1,000 GJ/d	AECO 5A	CAD \$2.380
Nov 1/20—Mar/21	Natural Gas	Fixed	1,000 GJ/d	AECO 5A	CAD \$2.825
Apr 1/21—Jun 30/21	Natural Gas	Fixed	1,000 GJ/d	AECO 5A	CAD \$2.455

ENTICE UPDATE

The Entice exploration horizontal well was shut-in on March 18, 2020 due to the severe decline in oil prices and was placed back on production on June 11, 2020 to continue the production test. During this test, the well operated for 58 days and produced 1,500 barrels of 20° API oil, 33 MMcf of natural gas, which was flared, and 6,850 barrels of water with 104% cumulative completion load water recovered.

During the last 7 days of the production test, the water cut dropped significantly from an average of 82% to a current average of under 50%. This drop in water cut and the high gas to oil ratio has created challenges with the current form of high-volume artificial lift. The Corporation has shut-in the well and is evaluating alternative forms of artificial lift before deciding to continue the evaluation or suspend the well indefinitely.

Altura has acquired 89 gross (83 net) sections of land on this exploratory play at Entice where vertical well data, combined with extensive 3D seismic coverage, provided a means to identify and map the hydrocarbon accumulation. Altura believes that the crude oil gravity varies across the play and that a higher oil quality than demonstrated by the initial exploration well could be achievable. Altura will continue assessing the technical and commercial potential of this play over these lands to determine the next steps.

OUTLOOK

July 2020 production is estimated at approximately 1,050 boe per day based on field estimates. Altura continues to have three Leduc-Woodbend wells shut-in that are expected to be brought on production by mid-September. The Corporation forecasts production volumes to range between 1,000 and 1,100 boe per day for the second half of 2020.

There has been some optimism in respect to the global crude oil supply/demand balance and oil prices have improved significantly since the beginning of May. The Corporation, however, is focused on protecting balance sheet strength during the current volatile commodity price environment and no new wells are currently planned to be drilled or completed in the second half of 2020.

Further to the June 30, 2020 amending agreement as disclosed in the June 30, 2020 news release, Altura expects to close three additional dispositions of a 1.375% working interest for \$875,000 each on September 30, 2020, January 31, 2021 and June 30, 2021 (total remaining disposition of 4.125% working interest for \$2,625,000).

Through cash flow and the September 30, 2020 disposition, Altura is forecasting to reduce its net debt to approximately \$3.5 million by the end of the year¹.

¹ Key assumptions for net debt forecast:

Second half of 2020 WTI US\$41.42/bbl, WCS diff US\$11.23/bbl, FX 0.75 \$US/\$, AECO CAD\$2.05/GJ, average production 1,000 – 1,100 boe per day, operating and transportation costs of \$12.50 per boe and closing stage 2 of the asset disposition on September 30, 2020

On behalf of the Board of Directors and the Altura management team, we would like to thank our shareholders for their ongoing support during these very difficult times.

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.

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:

- uncertainty about the COVID-19 pandemic and the impact it will have on Altura's operations, the demand for Altura's products, and economic activity in general;
- Altura's plan to bring on three shut-in Leduc-Woodbend wells by mid-September;
- forecasted production volumes to range between 1,000 and 1,100 boe per day for the second half of 2020;
- the expected closing of three additional dispositions of a 1.375% working interest for \$875,000 each on September 30, 2020, January 31, 2021 and June 30, 2021; and,
- forecasted reduction of net debt to approximately \$3.5 million by the end of the year.

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 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.

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 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:

- 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 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.

Initial Production Rates

Any references in this press release 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. Oil and gas formations are inherently unpredictable, particularly in the early stage of their development. Readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Corporation.

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