

Altura Energy Inc. Announces Proposed Private Placement, Name Change to Tenaz Energy Corp., New Management Team and New Board

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CALGARY, Aug. 30, 2021 /CNW/ - Altura Energy Inc. ("**Altura**" or the "**Company**") (ATU: TSXV) is pleased to announce it has entered into a definitive reorganization and investment agreement (the "**Investment Agreement**") which provides for, among other things: (i) the appointment of a new management team (the "**New Management Team**"); and (ii) the reconstitution of the board of directors of Altura (the "**New Board**"), all as described below (collectively, the "**Transaction**"). The New Management Team will cause Altura to enter into agreements to issue units and subscription receipts of Altura, by way of private placement (the "**Private Placement**"), for minimum gross proceeds of \$25.0 million.

Completion of the Transaction is subject to a number of conditions and approvals including, but not limited to, the approval of the TSXV and shareholders of Altura. It is expected that Altura will hold a shareholder meeting to approve amongst other items: (i) a Change of Management as described herein upon approval of the TSXV; (ii) a change of Altura's name to "Tenaz Energy Corp."; and (iii) a consolidation of the Common Shares on such basis as agreed upon between the Company and the counterparties to the Investment Agreement.

New Management Team

The New Management Team has an extensive track record of value creation and has outperformed public market peers by executing a growth-and-income business model in the energy sector. Most recently, certain members of the New Management Team constituted part of the leadership of Vermilion Energy Inc. ("**Vermilion**"), a globally diversified E&P with assets in North America, Europe, and Australia. Prior to Vermilion, certain members of the New Management Team constituted part of the management of Baytex Energy Corp. ("**Baytex**"), an oil-focused producer in Canada and the United States.

Anthony Marino

*President, Chief Executive Officer
and Director*

Mr. Marino has been CEO for several Canadian E&P companies executing growth-and-income capital markets models. He led Vermilion Energy as President and CEO, which produced over 100 mboe/d in ten countries across North America, Europe, and Australia. Prior to Vermilion, Mr. Marino was President and CEO of Baytex and Dominion Exploration Canada Ltd. Mr. Marino holds a Bachelor of Science degree in Petroleum Engineering (University of Kansas), an MBA (California State University) and a CFA designation.

Michael Kaluza

Chief Operating Officer

Mr. Kaluza has held senior leadership positions with intermediate and junior E&Ps, focusing on free cash flow generation from existing assets while achieving material cost reductions and capital-efficient production growth on acquired assets. His roles have included COO of Vermilion, VP Corporate Development of Baytex and COO of Delphi Energy. Mr. Kaluza holds a Bachelor of Science degree in Petroleum Engineering (Montana Tech University).

Bradley Bennett

Chief Financial Officer

Mr. Bennett has significant public company experience managing global treasury, risk management, insurance, assurance, and financial reporting. He has successfully established regional offices for new country entries, raised funds in US High Yield markets and managed a \$2.1 billion syndicated credit facility. Most recently Mr. Bennett was Treasurer of Vermilion. He is a Chartered Accountant (Alberta) and holds a Bachelor of Commerce degree in Accounting & Finance (University of Northern British Columbia).

Jonathan Balkwill

VP Business Development

Mr. Balkwill brings a combination of global technical and commercial experience in asset development and acquisitions. He has led multidisciplinary asset teams in Canada and Australia and successfully transacted on over \$2.5 billion of acquisitions globally. Most recently, Mr. Balkwill was with Vermilion as an Asset Team Lead and Senior Business Development Engineer. Mr. Balkwill holds a Bachelor of Applied Science in Petroleum Engineering (University of Regina) and a CFA designation.

In addition, two current officers of Altura will join the New Management Team.

David Burghardt

SVP Canadian Business Unit

Mr. Burghardt is the current President and CEO of Altura. Prior to forming Altura, he worked in Europe for eight years with Vermilion, most recently as the Managing Director of the French Business Unit. Mr. Burghardt's prior experience includes being Founder, President and CEO of Kerogen Petroleum, Managing Director – International Engineering at Equatorial Energy, Founder and VP Engineering for Bison Resources. He holds a Bachelor of Science in Chemical Engineering (University of Saskatchewan).

Travis Stephenson
VP Engineering

Mr. Stephenson is the current VP Engineering at Altura. Prior to joining Altura, Mr. Stephenson was the VP Engineering, International at Chinook Energy Inc. (originally named Storm Ventures International) and Country Manager for the company's Tunisian assets. Mr. Stephenson holds a Bachelor of Science in Mechanical Engineering (University of Saskatchewan).

New Board of Directors

The New Board, as described below, has extensive technical and managerial experience in global oil and gas markets, with strengths in mergers and acquisitions, corporate finance, capital markets and environmental, social and governance matters. In addition to Mr. Marino, the following non-executive Directors will constitute the remainder of the Board following completion of the Transaction.

Marty Proctor
Chair

Mr. Proctor is the Vice-Chair of ARC Resources and Director of GreenFirst Forest Products. Prior to its merger with ARC Resources, Mr. Proctor was the CEO of Seven Generations Energy and is a former COO of Baytex Energy. Mr. Proctor holds a Bachelor of Science and Master of Science in Petroleum Engineering (University of Alberta) and completed the Director's Education Program (Haskayne School of Business).

Anna Alderson
Independent Director

Ms. Alderson is a former Audit Partner at KPMG specializing in energy and financial services. She is the Director and Chair of the Audit and Investment Committee of the YMCA of Calgary and a member of the Audit committee for both the Calgary Stampede and Calgary Foundation. Ms. Alderson is a Chartered Accountant (Alberta) and holds a Bachelor of Commerce degree in Accounting (University of Saskatchewan).

John Chambers
Independent Director
(Continuing Altura Board Member)

Mr. Chambers is a Director of Altura and Sun Gold Resources, Chairman of Westside Capital and sits on the advisory board of BlueX Energy. Previously, Mr. Chambers was a Vice Chairman and President of GMP FirstEnergy and prior to that the CEO of FirstEnergy Capital Corp. Mr. Chambers holds an MBA in International Finance (McGill University) and a Bachelor of Science in Geophysics (University of British Columbia).

Mark Rollins
Independent Director

Mr. Rollins is currently the non-executive Chairman of Advance Energy Inc, non-executive Chairman of Roquefort Investments plc, and a Director at Alpina. He is the former CEO and Chairman of Ukranafta, SVP of BG Group, CEO and Director of Avante Petroleum and Managing Director of NUON. Mr. Rollins holds a Doctor of Philosophy degree in Engineering Science (University of Oxford) and Master of Arts degree in Mathematics (University of Cambridge).

Each of Anthony Marino, Michael Kaluza, Bradley Bennett, Jonathan Balkwill, Marty Proctor and Mark Rollins are counterparties to the Investment Agreement (the "Initial Investors").

Vision and Strategy

The New Management Team, as led by Mr. Marino, has a vision of building an intermediate E&P company by executing an acquire-and-exploit strategy targeting international assets. This vision will be underpinned by the New Management Team's strong technical and commercial capabilities in executing international M&A, and by an acquisition pipeline that is expected to result in operating economies of scale and a meaningful capital markets presence within five years.

Upon completion of the Transaction, the Company intends to target conventional and semi-conventional assets in overseas markets that can support a free cash flow operating model. These international assets, as compared to North American assets, have exposure to premium-priced commodity markets, offer lower acquisition multiples, and typically contain greater opportunities for operational improvements after acquisition. A "wide funnel" approach to asset screening will initially be employed to facilitate exposure to a wide range of potentially high return opportunities in three target regions of Europe, Middle East & North Africa (MENA) and South America. Following an initial cornerstone acquisition(s), the New Management Team expects to focus on consolidation and building economies of scale in the one or two operating regions containing the cornerstone acquisition(s). The portfolio of assets developed over time is expected to fund a growth-and-income capital markets model, ultimately providing cash returns to shareholders through dividends.

"We see great opportunity in international markets to capture quality M&A opportunities at this time. We believe the sector is underinvested, with a significant number of quality oil and gas assets on the market, and only a limited set of qualified buyers to invest in them. Altura provides a free cash flow generating asset and a desirable entity to recapitalize in pursuit of our acquisition strategy. Following the Transaction, the Company will be positioned with both operating and financial capability to take advantage of this international M&A market" said Anthony Marino, on behalf of the Initial Investors.

Marty Proctor, Chair of the New Board, said "We believe that responsible oil and gas production is a critical element of the energy transition, and we will emphasize sustainability with ESG performance at the foundation of our strategy."

Altura Asset Base

Altura currently has approximately 1,100 boe/d of oil-weighted production in a semi-conventional development project in Central Alberta. At December 31, 2020, there were 47 gross booked proved plus probable locations with over 100 gross additional, potential drilling opportunities identified. Altura's asset base is compact and largely contiguous with ample processing capacity, product egress and low asset retirement obligations. At current strip pricing, Altura's assets support moderate production growth while generating free cash flow. Upon completion of the Transaction, the free cash flow generated by the base asset will be deployed to support the new corporate strategy and will augment the capital raised via the Private Placement.

Private Placement

The Initial Investors, together with additional subscribers identified by them, will subscribe for a minimum of 22,222,222 units of the Company ("**Units**") at a price of \$0.18 per Unit for minimum gross proceeds of \$4 million (the "**Non-Brokered Private Placement**"). Each Unit will be comprised of one common share of the Company (a "**Common Share**") and one warrant of the Company (a "**Warrant**"). Each Warrant will entitle the holder thereof to purchase one Common Share at a price of \$0.18 per Common Share for a period of 5 years from the issuance date. One-third of the Warrants will vest and become exercisable upon the 20-day VWAP of the Common Shares (the "**Market Price**") equaling or exceeding \$0.25 per Common Share, an additional one-third upon the Market Price equaling or exceeding \$0.315 per Common Share and a final one-third upon the Market Price equaling or exceeding \$0.36 per Common Share. Closing of the Non-Brokered Private Placement will occur contemporaneously with the appointment of the New Management Team and New Board (collectively, the "**Change of Management**").

Concurrently, a brokered private placement will be completed by a syndicate of dealers led by National Bank Financial Inc. and including Royal Bank of Canada, Stifel FirstEnergy and ATB Financial for a minimum of 116,666,667 subscription receipts of the Company ("**Subscription Receipts**") at a price of \$0.18 per Subscription Receipt for minimum gross proceeds of \$21 million (the "**Brokered Private Placement**"). Each Subscription Receipt will entitle the holder thereof to receive one Common Share for no additional consideration and without any further action, upon: (i) completion of the Change of Management and the Non-Brokered Private Placement in accordance with the Investment Agreement and without material waiver thereof unless the consent of National Bank Financial Inc. is given to such waiver, acting reasonably, and (ii) provided that there has been no material amendments to the Investment Agreement which have not been approved by National Bank Financial Inc., acting reasonably, in each case, prior to October 29, 2021. Closing of the Brokered Private Placement is expected to occur on or about September 22, 2021.

All securities issued in connection with the Private Placement will be subject to a Canadian statutory hold period of four months plus one day from the respective date of closing.

Proceeds from the Private Placement will be used for general corporate purposes and to partially fund the acquisition of global oil and gas assets, supporting the New Management Team's strategy of building a portfolio of free cash flow assets that can provide returns to shareholders via a growth-and-income model. The Transaction is subject to the Private Placement raising gross proceeds.

Rights Offering

Upon completion of the Transaction, Altura shareholders will be entitled to participate in a rights offering, by way of a rights offering circular (the "**Rights Offering**"). Pursuant to the Rights Offering, each Altura shareholder as of the record date for such offering (the "**Record Date**") will be issued one right ("**Right**") for each Common Share held on the Record Date, entitling that holder to purchase one Common Share for each eight Rights held at a price of \$0.18 per Common Share at or before the expiry time of the Rights Offering, following which all outstanding Rights shall terminate and expire. Subscribers under the Private Placement will not be entitled to participate in the Rights Offering with respect to any securities acquired pursuant to the Private Placement. The Rights Offering is subject to applicable regulatory approval, including by the TSXV.

Options

Certain holders of options of Altura ("**Options**") have agreed with the Initial Investors that all Options held by them, except for 4.8 million options having an exercise price of \$0.21 per Common Share, will terminate upon closing of the Transaction. Additionally, certain holders of Options having an exercise price of \$0.21 per Common Share have agreed to revise the expiry date of such Options to be the date 12 months following closing of the Transaction.

Approvals

Completion of the Transaction, expected on or about October 8, 2021, is subject to a number of conditions and approvals including, but not limited to, the approval of the TSXV and shareholders of Altura. It is expected that Altura will hold a shareholder meeting on or about October 7, 2021, to approve, among other items: (i) the Change of Management as required by the policies of the TSXV; (ii) a change of Altura's name to "Tenaz Energy Corp."; and (iii) a consolidation of the Common Shares on a mutually agreed basis by the parties to the Investment Agreement. The Transaction is not expected to materially affect control of Altura nor create a new control person of Altura.

Board Recommendation

After receiving the advice of its financial and legal advisors, the board of directors of Altura has unanimously approved the Transaction and determined that the Transaction is in the best interests of Altura and recommends shareholders vote in favor of the Transaction. John McAleer, Chair of Altura commented: "The Board of Directors of Altura has continuously focused on shareholder value enhancement. We believe that this transformative Transaction will result in an entity with significantly increased scale, enhanced opportunities for growth and greater access to capital. The New Management Team and New Board collectively demonstrate a track record of organic and acquisition growth across multiple jurisdictions, and we welcome them to Altura."

Certain shareholders of Altura who hold, in the aggregate, 9.0% of the issued and outstanding Common Shares have agreed with the Initial Investors to vote their Common Shares in favour of the Transaction.

Advisors

National Bank Financial Inc. is acting as the sole financial advisor to the Initial Investors. Torys LLP is acting as counsel to the Initial Investors. Stifel FirstEnergy is acting as financial advisor to Altura in connection with the Transaction. Lawson Lundell LLP is acting as counsel to Altura in connection with the Transaction. Burnet, Duckworth, and Palmer LLP is acting as counsel to the agents in respect of the Brokered Private Placement.

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: the Transaction; the Private Placement; the use of proceeds of the Private Placement; the proposed Rights Offering; the proposed name change of the Company; the proposed consolidation of the Common Shares; the satisfaction of the conditions precedent in the Investment Agreement; the timing for the shareholder meeting; timing for closing of the Transaction; drilling opportunities of the Company; the vision and strategy proposed by the New Management Team; and the anticipated effect of the Transaction on the Company.

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 ability to obtain all required approvals in respect of the Transaction and complete the Transaction; 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.

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.

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.

Drilling Locations

This press release discloses drilling locations in two categories: (i) proved locations and probable locations; and (ii) potential drilling opportunities. Proved locations and probable locations, which are sometimes collectively referred to as "booked locations", are derived from the Company's most recent independent reserves evaluation as of December 31, 2020, and account for drilling locations that have associated proved reserves. Potential drilling opportunities are internal estimates based on the Company's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and Altura's internal review. Potential drilling opportunities do not have attributed reserves or resources. Potential drilling opportunities have specifically been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves data on prospective acreage and geologic formations. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, crude oil and natural gas prices, costs, actual drilling results and other factors. While certain of the potential drilling opportunities have been derisked by drilling existing wells in relative close proximity to such potential drilling opportunities, the majority of other potential drilling opportunities are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations, and if drilled there is more uncertainty that such wells will result in additional reserves, resources or production.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

For further information, contact:

Altura Energy Inc.
David Burghardt
President and Chief Executive Officer
Direct: (403) 984-5195