



## **ALTURA ENERGY INC. GROWS ITS 2016 PDP RESERVES PER SHARE BY 153%**

**February 23, 2017**

**Calgary, Alberta** - Altura Energy Inc. ("Altura" or the "Company") (TSX Venture: ATU) is pleased to announce the results of the independent evaluation of the Company's oil and natural gas reserves (the "McDaniel Report"), effective December 31, 2016, as prepared by McDaniel and Associates Consultants Ltd. ("McDaniel").

Altura's audit of its 2016 annual financial statements is not yet complete and accordingly all financial amounts referred to in this news release are unaudited and represent management's estimates. Readers are advised that these financial estimates are subject to audit and may be subject to change as a result.

### **Year End 2016 Reserves Highlights**

- Proved developed producing ("PDP") reserves increased by 153 percent from 434 mboe to 1,099 mboe. Total proved ("1P") reserves increased by 151 percent from 725 mboe to 1,821 mboe. Total proved and probable ("2P") reserves increased by 135 percent from 1,362 mboe to 3,195 mboe.
- Finding, development and acquisitions ("FD&A") costs<sup>1</sup> were \$19.99 per boe for PDP, \$17.76 per boe for 1P and \$12.32 per boe for 2P reserves, including the changes in future development costs ("FDC"). This includes \$4.2 million (24% of capital expenditures) to acquire undeveloped land where new reserves have yet to be recognized.
- Recycle ratio<sup>1</sup> of 1.3 times for PDP, 1.4 times for 1P, and 2.1 times for 2P reserves based on 2016 FD&A costs and Altura's estimated 2016 operating netback<sup>1</sup> of \$25.30 per boe. Using the Q4 2016 estimated operating netback of \$30.02 per boe, the recycle ratio increases to 1.5 times for PDP, 1.7 times for 1P, and 2.4 times for 2P reserves.
- Replaced<sup>1</sup> 417 percent of annual production with new PDP reserves, 622 percent of annual production with new 1P reserves and 973 percent of annual production with new 2P reserves based on 2016 estimated production of 210 mboe.

### **2016 Independent Reserves Evaluation**

The McDaniel Report was prepared in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and National Instrument 51-101 ("NI 51-101"). The reserve evaluation was based on McDaniel's forecast pricing and foreign exchange rates at January 1, 2017. The Reserves Committee of the Board and the Board of Directors of Altura have reviewed and approved the evaluation prepared by McDaniel.

Unless noted otherwise, reserves included herein are stated on a company gross basis, which is the Company's working interest before deduction of government royalties and excluding any other additional royalty interests. This news release contains several cautionary statements under the heading "Reader Advisory" and throughout the release. In addition to the information contained in this news release, more detailed reserves information will be included in Altura's Annual Information Form for the year ended December 31, 2016, which will be filed on SEDAR by April 30, 2017.

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<sup>1</sup> "Operating netback", "Finding, development & acquisitions costs" or "FD&A costs", "Recycle ratio", "Reserve replacement", do not have standardized meanings. See "*Oil and Gas Metrics*" contained in this news release.

## 2016 Activity

Altura's activity in 2016 included drilling 7 (6.5 net) horizontal wells, including 3 (3.0 net) in the Eyehill area, 2 (1.5 net) in the Wildmere area, one (1.0 net) in the Leduc-Woodbend area, and one (1.0 net) in the Provost area. Estimated 2016 capital expenditures include:

	(\$000) <sup>(1)</sup>
Geological and geophysical	265
Land	4,297
Drilling and completions	5,978
Capitalized workovers	565
Equipping and facilities	2,172
Other	249
Exploration and development capital expenditures	13,526
Property acquisitions	4,093
Property dispositions	(125)
Total capital expenditures, acquisitions and dispositions	17,494

(1) Estimated and unaudited

## Company Gross Reserves as at December 31, 2016

The following table summarizes the Company's gross reserve volumes at December 31, 2016 utilizing McDaniel's forecast pricing and cost estimates outlined further below in this press release.

Category	Company Gross Reserves <sup>(1)(2)</sup>						Percent Change
	Light and Medium Oil (Mbbbl)	Heavy Oil (Mbbbl)	Conventional Natural Gas (Mmcf)	Natural Gas Liquids (Mbbbl)	2016 Oil Equivalent (Mboe)	2015 Oil Equivalent (Mboe)	
Proved							
Developed							
Producing	700.1	172.5	1,275.9	13.9	1,099.2	433.9	153%
Undeveloped	467.9	116.3	803.6	4.1	722.2	291.0	148%
Total Proved <sup>(3)</sup>	1,168.0	288.9	2,079.5	18.0	1,821.4	724.9	151%
Total Probable	823.4	343.4	1,144.1	16.3	1,373.8	637.5	115%
Total Proved & Probable <sup>(3)</sup>	1,991.4	632.2	3,223.6	34.3	3,195.2	1,362.4	135%

(1) Gross reserves are Company working interest reserves before royalty deductions.

(2) Based on McDaniel's January 1, 2017 forecast prices.

(3) Numbers may not add due to rounding.

## Reconciliation of Company Gross Reserves for 2016<sup>(1)(2)</sup>

	Total Proved Oil Equivalent (mboe)	Total Probable Oil Equivalent (mboe)	Total Proved & Probable Oil Equivalent (mboe)
December 31, 2015	724.9	637.5	1,362.4
Extensions & Improved Recovery	299.6	680.1	979.7
Technical Revisions	305.2	(203)	102.3
Discoveries	78.2	43.3	121.5
Acquisitions & Dispositions	623.4	216.0	839.4
Economic Factors	-	-	-
Production	(210.0)	-	(210.0)
December 31, 2016	1,821.4	1,373.8	3,195.2

(1) Gross reserves are Company working interest reserves before royalty deductions.

(2) Numbers may not add due to rounding.

Technical revisions for 1P and 2P reserve categories are positive due to well performance exceeding the previous year's forecast.

## Future Development Costs ("FDC") and Well Schedule

The following is a summary of the estimated FDC and number of wells required to bring 1P and 2P undeveloped reserves on production.

	Total Proved FDC <sup>(1)(2)</sup> (\$000)	Total Proved Wells Gross (Net)	Total Proved & Probable FDC <sup>(1)(2)</sup> (\$000)	Total Proved & Probable Wells Gross (Net)
2017	6,102	7 (6.2)	7,252	8 (7.2)
2018	3,030	3 (3.0)	8,439	8 (7.5)
2019	566	1 (0.6)	1,132	2 (1.1)
Total Undiscounted	9,697	11 (9.7)	16,822	18 (15.8)
Total Discounted 10%	8,916		15,240	

(1) Numbers may not add due to rounding.

(2) FDC as per the McDaniel Report and based on McDaniel's January 1, 2017 forecast prices.

The forecasted future net operating income for the next three years from the McDaniel Report based on the January 1, 2017 forecasted pricing is estimated to be \$29.0 million for 1P reserves and \$44.0 million for 2P reserves, which is sufficient to fund Altura's FDC for the next three years.

Of the seven wells drilled in 2016, four gross (3.5 net) wells were recognized as future drilling locations in the 2015 year-end report with 2P reserves totalling 333.8 mboe (98.2 mboe per net well) and FDC of \$3.5 million (\$10.43/boe). The actual 2P reserve additions in the 2016 year-end report for the 3.5 net wells totalled 445 mboe (129.7 mboe per net well) at an actual cost of \$3.0 million (\$6.82/boe).

Altura's 2017 capital budget is expected to be \$17.0 million. Approximately 36 percent is allocated to drilling undeveloped reserves, 36 percent is allocated to drilling new prospects with no associated reserves, and 28 percent is allocated to infrastructure, land, seismic, abandonment, reclamation and other corporate costs. For details on Altura's 2017 capital budget, see the Corporation's November 10, 2016 news release.

## Summary of Before Tax Net Present Value ("NPV") of Future Net Revenue as at December 31, 2016

Benchmark oil and NGL prices used are adjusted for quality of oil or NGL produced and for transportation costs. The calculated NPVs are based on McDaniel's forecast pricing and foreign exchange rates at January 1, 2017 as outlined in the price forecast table further below in this press release. The NPVs include a deduction for estimated future well abandonment and reclamation but do not include a provision for interest, debt service charges and general and administrative expenses. It should not be assumed that the NPV estimate represents the fair market value of the reserves.

Category	Before Tax Net Present Value (\$000) <sup>(1)(2)(3)</sup>				
	Undiscounted	Discount Rate			
		5%	10%	15%	20%
Proved					
Developed Producing	29,910	26,248	23,328	21,021	19,185
Undeveloped	14,476	10,702	8,026	6,086	4,645
Total Proved	44,386	36,951	31,353	27,108	23,830
Total Probable	43,652	31,005	23,187	18,095	14,600
Total Proved & Probable	88,038	67,955	54,540	45,203	38,430

(1) Based on McDaniel's January 1, 2017 forecast prices.

(2) Includes abandonment and reclamation costs.

(3) Numbers may not add due to rounding.

## Company Net Asset Value

The Company's net asset value as at December 31, 2016 and 2015 are detailed in the following table. This net asset value determination is a "point-in-time" measurement and does not take into account the possibility of Altura being able to recognize additional reserves through successful future capital investment in its existing properties beyond those included in the 2016 year-end reserve report and the 2015 year-end reserve report.

	Before Tax NPV @ 10% Discount Rate			
	2016		2015	
	(\$000)	(\$/Share)	(\$000)	(\$/Share)
<b>NPV of Future Net Revenue</b>				
Developed Producing <sup>(1)(2)</sup>	23,328	0.20	8,199	0.08
Total Proved <sup>(1)(2)</sup>	31,353	0.27	11,534	0.11
Total Proved & Probable <sup>(1)(2)</sup>	54,540	0.47	20,994	0.19
<b>2P Net Asset Value<sup>(3)</sup></b>				
Total Proved & Probable <sup>(1)(2)</sup>	54,540	0.47	20,994	0.19
Undeveloped acreage <sup>(4)</sup>	7,544	0.07	2,353	0.02
Working capital surplus <sup>(5)</sup>	8,455	0.07	22,129	0.20
Proceeds from stock options <sup>(6)</sup>	1,744	0.02	1,333	0.01
Net asset value (diluted) <sup>(6)</sup>	72,283	0.63	46,809	0.42

(1) Evaluated by McDaniel as at December 31, 2016 and December 31, 2015. Net present value of future net revenue does not represent the fair market value of the reserves.

(2) Net present values are based on McDaniel's January 1, 2017 price forecast and January 1, 2016 price forecast.

(3) Net asset value does not have a standardized meaning. See "Oil and Gas Metrics" contained in this news release.

(4) Undeveloped acreage has been valued internally by Altura at an average of \$100 per acre over 75,441 net undeveloped acres at December 31, 2016 and 23,531 net undeveloped acres at December 31, 2015.

(5) Working capital surplus as at December 31, 2016 (estimated and unaudited).

(6) Diluted shares as at December 31, 2016 was 108.9 million basic common shares plus 5.6 million stock options that were in-the-money as at December 31, 2016. Diluted shares as at December 31, 2015 was 108.9 million basic common shares plus 4.0 million stock options that were in-the-money as at December 31, 2015.

## Performance Metrics<sup>(1)</sup>

Altura's 2016 FD&A costs were \$19.99 per boe for PDP reserves, \$17.76 per boe for 1P reserves and \$12.32 per boe for 2P reserves, including the change in FDC. This includes \$4.2 million (24% of capital expenditures) to acquire undeveloped land where new reserves have yet to be recognized. The following table highlights Altura's FD&A, recycle ratio, reserve replacement and reserve life index for 2016.

	<b>2016</b>
Total capital expenditures, acquisitions and dispositions (\$000)	17,494
Change in FDC – Total Proved (\$000)	5,704
Change in FDC – Total Proved & Probable (\$000)	7,664
Q4 2016 production (boe/d)	988
Q4 2016 Operating netback (\$/boe) <sup>(2)</sup>	30.02
2016 Operating netback (\$/boe) <sup>(2)</sup>	25.30
<b>Proved Developed Producing</b>	
FD&A costs (\$/boe) <sup>(2)</sup>	19.99
Recycle ratio <sup>(2)</sup> (Q4 2016 operating netback)	1.5
Recycle ratio <sup>(2)</sup> (2016 operating netback)	1.3
Reserve replacement <sup>(2)</sup>	417%
Reserve life index ("RLI") (years) <sup>(2)</sup>	3.0
<b>Total Proved</b>	
FD&A costs (\$/boe) <sup>(2)</sup>	17.76
Recycle ratio <sup>(2)</sup> (Q4 2016 operating netback)	1.7
Recycle ratio <sup>(2)</sup> (2016 operating netback)	1.4
Reserve replacement <sup>(2)</sup>	622%
RLI (years) <sup>(2)</sup>	5.0
<b>Total Proved &amp; Probable</b>	
FD&A costs (\$/boe) <sup>(2)</sup>	12.32
Recycle ratio <sup>(2)</sup> (Q4 2016 operating netback)	2.4
Recycle ratio <sup>(2)</sup> (2016 operating netback)	2.1
Reserve replacement <sup>(2)</sup>	973%
RLI (years) <sup>(2)</sup>	8.8

(1) Financial and production information is per the Company's 2016 preliminary unaudited financial statements and is therefore subject to audit.

(2) "Operating netback", "Finding, development & acquisitions costs" or "FD&A costs", "Recycle ratio", "Reserve replacement", "Reserve life index" or "RLI" do not have standardized meanings. See "*Oil and Gas Metrics*" contained in this news release.

## Price Forecast

The reserve evaluation was based on McDaniel's forecast pricing and foreign exchange rates at January 1, 2017 as outlined below.

	WTI Crude Oil (\$US/bbl)	Western Canadian Select Crude Oil (\$CAD/bbl)	Alberta AECO Gas (\$CAD/mmbtu)	Foreign Exchange (\$US/\$CAD)
2017	55.00	53.70	3.40	0.750
2018	58.70	58.20	3.15	0.775
2019	62.40	61.90	3.30	0.800
2020	69.00	66.50	3.60	0.825
2021	75.80	71.00	3.90	0.850
2022	77.30	72.40	3.95	0.850
2023	78.80	73.80	4.10	0.850
2024	80.40	75.30	4.25	0.850
2025	82.00	76.80	4.30	0.850
2026	83.70	78.40	4.40	0.850
2027	85.30	79.90	4.50	0.850
2028	87.00	81.50	4.60	0.850
2029	88.80	83.10	4.65	0.850
2030	90.60	84.90	4.75	0.850
2031	92.40	86.50	4.85	0.850
thereafter	+2.0%/yr	+2.0%/yr	+2.0%/yr	0.850

## About Altura Energy Inc.

Altura Energy Inc. is a public oil and gas company 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 2017 capital expenditure budget and timing of filing the Company's annual information form. Statements relating to "reserves" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

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 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**

### ***Reserves***

All reserve references in this press release are "company share reserves". Company share reserves are the Company's total working interest reserves before the deduction of any royalties and including any royalty interests of the Company.

It should not be assumed that the present value of estimated future net revenue presented in the tables above represents the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates of Altura's crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein.

All future net revenues are estimated using forecast prices, arising from the anticipated development and production of our reserves, net of the associated royalties, operating costs, development costs, and abandonment and reclamation costs and are stated prior to provision for interest and general and administrative expenses. Future net revenues have been presented on a before tax basis. Estimated values of future net revenue disclosed herein do not represent fair market value.

### ***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.

## ***Oil and Gas Metrics***

This news release contains metrics commonly used in the oil and natural gas industry. Each of these metrics is determined by Altura as set out below. These metrics are "finding, development and acquisition costs", "recycle ratio", "reserve replacement", "reserve life index", "operating netbacks" and "net asset value". These metrics do not have standardized meanings and may not be comparable to similar measures presented by other companies. As such, they should not be used to make comparisons. Management uses these oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare Altura's performance over time, however, such measures are not reliable indicators of Altura's future performance and future performance may not compare to the performance in previous periods.

- "Finding, development and acquisition costs" or "FD&A costs" are calculated by dividing the sum of the total capital expenditures for the year inclusive of the net acquisition costs and disposition proceeds (in dollars) by the change in reserves within the applicable reserves category inclusive of changes due to acquisitions and dispositions (in boe). FD&A costs, including FDC, includes all capital expenditures in the year inclusive of the net acquisition costs and disposition proceeds as well as the change in FDC required to bring the reserves within the specified reserves category on production.

FD&A costs take into account reserves revisions and capital revisions during the year. The aggregate of the costs incurred in the financial year and changes during that year in estimated FDC may not reflect total F&D costs related to reserves additions for that year. F&D costs and FD&A costs have been presented in this news release because acquisitions and dispositions can have a significant impact on Altura's ongoing reserves replacement costs and excluding these amounts could result in an inaccurate portrayal of its cost structure. Management uses FD&A as measures of its ability to execute its capital programs (and success in doing so) and of its asset quality.

- "Recycle ratio" or is calculated by dividing the operating netback (in dollars per boe) by the FD&A costs (in dollars per boe) for the year. Altura uses recycle ratio as an indicator of profitability of its oil and gas activities.
- "Reserve replacement" is calculated by dividing the annual change in reserves before production (in boe) in the referenced category by Altura's annual production (in boe). Management uses this measure to determine the relative change of its reserves base over a period of time.
- "Reserve life index" or "RLI" is calculated by dividing the reserves (in boe) in the referenced category by the Q4 2016 production estimate (in boe). Management uses this measure to determine how long the booked reserves will last at current production rates if no further reserves were added.
- Operating netback is a non-GAAP measure and does not have a standardized meaning under IFRS. Operating netback is calculated using production revenues, less royalties, transportation and operating expenses, calculated on a per boe equivalent basis. Management uses this measure to benchmark operating results between areas and/or time periods.
- Net asset value is calculated by taking the 2P future net revenues per the McDaniel Report, on a before tax basis, discounted at 10% and adding undeveloped land value, working capital surplus and proceeds from stock option exercises.

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