altura ENERGY INC.

**Altura Energy Inc. Announces the Closing of a Previously Announced Asset Disposition, Operational Update and 2021 Capital Program**

**January 29, 2021**

**Calgary, Alberta -** Altura Energy Inc. ("Altura" or the "Corporation") (TSXV: ATU) is pleased to announce a January 29, 2021 asset disposition, an operational update and its capital program for 2021.

## ASSET DISPOSITION

Altura has agreed to amend the payment schedule in respect to the previously announced disposition to a private company and divested of a 0.6875% working interest for $437,500 on January 29, 2021. The payment schedule is as follows:

| Stage | Closing Dates | Disposition Interest | Cash Proceeds |
|---|---|---|---|
| Stage 1 | June 30, 2020 | 1.3750% | $875,000 |
| Stage 2 | September 30, 2020 | 1.3750% | $875,000 |
| Stage 3a | January 29, 2021* | 0.6875% | $437,500 |
| Stage 3b | April 30, 2021* | 0.6875% | $437,500 |
| Stage 4 | June 30, 2021 | 1.3750% | $875,000 |
| **Total** | | **5.5000%** | **$3,500,000** |

*Amended payment dates

The cash proceeds from the asset sales strengthen the Corporation's financial position and flexibility to continue development of the Rex pool at Leduc-Woodbend.

## OPERATIONAL UPDATE

To date, Altura has drilled 17 horizontal wells, booked 41 (32 net) proved and probable drilling locations, and identified 66 (54 net) additional horizontal drilling opportunities on its large undeveloped heavy oil resource play at Leduc-Woodbend. This play is comprised of 69 (62 net) sections of land in central Alberta with year-round access. The Corporation has constructed and acquired infrastructure in the area and operates two multi-well oil batteries with up to 4,500 bbls per day of oil processing capacity, produced water disposal and a solution gas gathering system that is connected to two 3rd party gas processing facilities.

Fourth quarter 2020 production averaged 916 boe per day[1], consistent with guidance of 900 to 1,000 boe per day and 2020 production averaged 880 boe per day[2]. 2020 production volumes were negatively impacted by capital restrictions due to low oil prices with no wells drilled after the first quarter of 2020, voluntary shut-ins in the second quarter of 2020 due to low oil prices and third-party processing restrictions. Altura restarted approximately 110 boe per day[3] of production from one (0.9 net) well in mid-December that was shut-in since March 2020 due to low oil prices and third-party gas processing restrictions.

Altura continued with its Environmental, Social and Governance ("ESG") initiatives in 2020. Starting in July 2020, oil field service contractors, on behalf of the Corporation, submitted applications under the Government of Alberta's Site Rehabilitation Program ("SRP") to accelerate the abandonment of wellbores and reclaim inactive wellsites for Altura. The government is administering the SRP in phases and providing funding directly to the service company providers to undertake the abandonment and reclamation work for operating oil and gas companies. Altura was approved for an

[1] Consists of 468 bbls/d of heavy oil, 48 bbls/d of NGLs and 2,402 Mcf/d of natural gas.

[2] Consists of 465 bbls/d of heavy oil, 6 bbls/d of light oil, 51 bbls/d of NGLs and 2,151 Mcf/d of natural gas.

[3] Consists of 40 bbls/d of heavy oil, 25 bbls/d of NGLs and 270 Mcf/d of natural gas.

abandonment and reclamation grant under the SRP. The Corporation utilized $213,000 of grant funding and in Q4 2020 abandoned five inactive wells (15% of the Corporation's inactive gross well count) and finalized reclamation of three wells that were previously abandoned.

Altura continues to monitor the provincial and federal funding developments to accelerate the decommissioning of the Corporation's asset retirement obligations where prudent, as well as new developments in programs where the Corporation is eligible for support. Altura's undiscounted and un-escalated Asset Retirement Obligation at September 30, 2020 was $5.5 million ($1.7 million discounted at 10%) and the Corporation ended 2020 with a Liability Management Rating ("LMR") of 5.68 with the Alberta Energy Regulator (January 2, 2021 LMR report).

Altura's ESG Committee Mandate, Corporate Social Responsibility Policy and 2020 Sustainability Report is posted on its website at www.alturaenergy.ca.

## 2021 CAPITAL PROGRAM

The Corporation is well positioned to pursue immediate production optimization and growth in 2021. The board of directors of the Corporation has approved a capital budget of $6.0 million for 2021, funded with forecasted cash flow from operating activities, credit facilities, and the 2021 asset dispositions. The budget includes drilling two (1.8 net) Rex wells and completing three (2.7 net) Rex wells at Leduc-Woodbend.

The 2021 capital expenditure budget targets an annual average production rate of 1,100 to 1,150 boe per day[4] compared to 880 boe per day[5] in 2020, representing more than 25 percent growth on an absolute and per share basis.

In 2018, Altura completed two Rex wells with increased frac density and both wells continue to outperform previous type curve expectations. Encouraged with these results and with the recent strengthening in commodity prices, the Corporation is planning to complete its 102/16-14-049-26W4 well (90% working interest) ("16-14") in February 2021. The well was drilled in February 2020 but not completed due to low commodity prices. The 16-14 well was designed with increased frac density of 74 intervals at 27 meter spacing compared to earlier wells completed with 47 intervals at 40 meter spacing. Pay out of the completion operation is estimated at seven months using current strip pricing[6] and is expected to add approximately 130 boe per day[7] to Altura's 2020 annual production, commencing in March 2021.

Two (1.8 net) new wells at Leduc-Woodbend are planned to be drilled and completed in the summer of 2021 and are scheduled to commence production in July and October 2020, respectively. These wells are planned to be completed with increased frac density, consistent with 16-14.

Building on its existing high-quality, operated production in central Alberta, Altura intends to continue developing and optimizing its large asset base to provide shareholders with the unique opportunity to participate in the ongoing crude oil price recovery. In addition, the tightening of long-term Western Canada Select ("WCS") heavy oil differentials and strengthening natural gas prices are encouraging and are expected to increase cashflows, netbacks and reserves values over time.

On behalf of the Board of Directors and the Altura management team, we would like to thank our shareholders for their patience and ongoing support as we weather the Covid-19 pandemic and global economic downturn.

## 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.

[4] Consists of 55% heavy oil, 6% NGLs and 39% natural gas.
[5] Consists of 465 bbls/d of heavy oil, 6 bbls/d of light oil, 51 bbls/d of NGLs and 2,151 Mcf/d of natural gas.
[6] Current strip prices are WTI US$51.50/bbl, WCS diff US$12.50/bbl, FX 0.78 $US/$, AECO CAD$2.65/GJ
[7] Consists of 100 bbls/d of heavy oil, 3 bbls/d of NGLs and 170 Mcf/d of natural gas.

## 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:

- plans to close stages 3b and 4 of the previously announced asset disposition on April 30, 2021 and June 30, 2021;
- the 2021 capital expenditure budget;
- pay out of the 16-14 completion operation estimated at seven months using current strip pricing and adding approximately 130 boe per day to Altura's annualized production;
- forecasted average production and percent growth for 2021; and
- the expectation that increased crude oil prices coupled with the tightening of long-term WCS differentials and strengthening natural gas prices will increase cashflows, netbacks and reserves values over time.

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.

***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 and probable locations; and (ii) potential drilling opportunities. Proved and probable locations, which are sometimes referred to as "booked locations", are derived from the Corporation's most recent independent reserves evaluation as of December 31, 2019 and account for drilling locations that have associated proved or probable reserves, as applicable. Potential drilling opportunities are internal estimates based on the Corporation's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Potential drilling opportunities do not have attributed reserves or resources. The Corporation has, based on the December 31, 2019 reserve report and management's current internal assessment, 24.6 net proved locations, 7.8 net probable locations and 66 (54.2 net) potential drilling opportunities. 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, 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 oil and gas reserves, resources or production.

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