altura ENERGY INC.

Altura Energy Inc. Announces Q4 2019 Financial and Operating Results and Operational Update **March 19, 2020**

Calgary, Alberta - Altura Energy Inc. ("Altura" or the "Corporation") (TSXV: ATU) is pleased to announce its financial and operating results for the fourth quarter and year ended December 31, 2019 and an operational update. The audited 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 fourth quarter and year ended December 31, 2019 appear below and should be read in conjunction with the related financial statements and MD&A.

OPERATIONAL AND FINANCIAL SUMMARY

	Three months ended			**Year ended**	
	December 31, 2019	September 30, 2019	December 31, 2018	**December 31, 2019**	December 31, 2018
OPERATING					
Average daily production					
Heavy oil (bbls/d)	**881**	1,150	1,044	**1,112**	720
Light & medium oil (bbls/d)	**-**	-	46	**17**	193
Natural gas (Mcf/d)	**3,406**	3,733	1,699	**3,145**	1,369
NGLs (bbls/d)	**113**	108	38	**89**	30
Total (boe/d)	**1,561**	1,880	1,412	**1,742**	1,172
Total boe/d per million shares – diluted	**14.3**	17.2	12.8	**16.0**	10.6
Average realized prices					
Heavy oil ($/bbl)	**54.40**	55.31	25.28	**55.69**	43.46
Light & medium oil ($/bbl)	**-**	-	51.44	**48.81**	57.94
Natural gas ($/Mcf)	**2.70**	0.95	1.74	**1.73**	1.63
NGLs ($/bbl)	**26.64**	24.42	40.19	**26.75**	47.57
Total ($/boe)	**38.50**	37.12	23.57	**40.50**	39.40
($/boe)					
Petroleum and natural gas sales	**38.50**	37.12	23.57	**40.50**	39.40
Realized gain (loss) on financial instruments	**0.53**	(0.22)	-	**0.34**	-
Royalties	**(4.43)**	(4.20)	(2.40)	**(4.16)**	(3.93)
Operating	**(8.63)**	(6.92)	(6.16)	**(8.25)**	(8.90)
Transportation	**(2.45)**	(2.93)	(2.45)	**(3.48)**	(2.03)
Operating netback[1]	**23.52**	22.85	12.56	**24.95**	24.54
General and administrative	**(2.52)**	(2.16)	(5.99)	**(2.55)**	(4.92)
Exploration expense	**-**	-	(0.04)	**(0.03)**	(0.06)
Interest and financing expense (cash)	**(0.37)**	(0.27)	(0.18)	**(0.36)**	(0.37)
Interest Income	**-**	-	-	**-**	0.12
Adjusted funds flow per boe[1]	**20.63**	20.42	6.35	**22.01**	19.31
FINANCIAL ($000, except per share amounts)					
Petroleum and natural gas sales	**5,531**	6,420	3,062	**25,757**	16,847
Cash flow from operating activities	**3,955**	3,118	4,200	**12,994**	9,787
Per share – diluted	**0.04**	0.03	0.04	**0.12**	0.09
Adjusted funds flow[1]	**2,963**	3,532	826	**13,994**	8,256
Per share – diluted[1]	**0.03**	0.03	0.01	**0.13**	0.07
Net income (loss)	**(56)**	298	(984)	**2,215**	2,693
Per share – basic and diluted[2]	**-**	-	(0.01)	**0.02**	0.02
Capital expenditures	**1,528**	3,553	3,050	**12,884**	33,456
Property acquisitions (dispositions), net	**(3,508)**	-	986	**(3,508)**	(24,089)
Total capital expenditures, net	**(1,980)**	3,553	4,036	**9,376**	9,367
Net debt[1]	**563**	5,130	4,805	**563**	4,820
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]	**109,097**	109,517	110,260	**109,886**	110,412

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

2019 ACHIEVEMENTS

- Produced an average of 1,742 boe per day (70% oil and liquids), an increase of 49% from 2018 on an absolute and per share basis.
- Generated adjusted funds flow[1] of $14.0 million ($22.01 per boe), or $0.13 per share compared to $8.3 million ($19.31 per boe), or $0.07 per share in 2018, representing an increase of 86% on a per share basis.
- Capital expenditures net of dispositions were $9.4 million which was $4.6 million less than adjusted funds flow[1].
- In the Leduc-Woodbend area, drilled three gross (3.0 net) and completed two gross (2.0 net) wells, invested in an electrification project and a solution gas compressor, and changed the artificial lift system on 11 wells to improve run-time efficiencies.
- Entered into a definitive agreement for an asset sale of a 12.5% working interest (the "Asset Disposition") in the Corporation's production, wells, lands and facilities for $7.0 million in two transactions. The first transaction closed on December 4, 2019 with a 7% working interest being divested for $3.5 million. Proceeds from the first transaction were allocated to the first horizontal well at Entice in early 2020.
- Net debt[1] decreased to $0.6 million at December 31, 2019 compared to $4.8 million at December 31, 2018, resulting in a ratio of net debt to annualized fourth quarter adjusted funds flow of 0.05.
- March 7, 2020 AER Liability Management Rating ("LMR") of 9.90.

FOURTH QUARTER REVIEW

Altura invested $1.5 million of capital in the fourth quarter bringing the total capital invested in 2019 to $12.9 million. Fourth quarter capital activity was focused on Leduc-Woodbend including drilling a horizontal well, waterflood pilot costs, and workover costs related to a well clean-out. Additionally, Altura changed the artificial lift system on two wells to improve run-time efficiencies.

On December 4, 2019, Altura entered into a definitive agreement for the sale of a 12.5% working interest in the Corporation's production, wells, lands and facilities for cash of $7.0 million in two transactions. The first transaction closed on December 4, 2019, whereby Altura divested of a 7.0% working interest (the "7% Asset Disposition") for cash of $3.5 million. Pursuant to the definitive agreement for the 12.5% working interest sale, closing of the second transaction is to occur on or before December 31, 2020 whereby Altura will divest of a 5.5% working interest in the Corporation's production, wells, lands and facilities for cash of $3.5 million. The definitive agreement for the asset disposition requires the proceeds from the second transaction to be used to drill a horizontal well in the Entice or the Leduc-Woodbend areas before December 31, 2020.

Production volumes averaged 1,561 boe per day in the fourth quarter, an 11% increase from the fourth quarter of 2018 on an absolute and per share basis. Fourth quarter production reflects natural declines as no new wells were brought on production in the quarter and by the 7% Asset Disposition.

Altura's realized oil price decreased 2% in the fourth quarter from the third quarter of 2019 and the Corporation's average realized price per boe increased 4% from the third quarter of 2019 mainly from higher natural gas prices.

Operating expenses in the fourth quarter were $8.63 per boe, a 25% increase from the third quarter of 2019 due to increased repairs and maintenance and chemical costs.

Transportation expenses were $2.45 per boe, a 16% decrease from the third quarter of 2019 due to reduced crude oil production volumes relative to total production volumes.

The Corporation's operating netback[1] averaged $23.52 per boe, up 3% from the third quarter of 2019 due mainly to higher natural gas prices and a gain on commodity hedging contracts, partially offset by higher operating expenses.

Adjusted funds flow[1] was $3.0 million in the fourth quarter of 2019, down 16% from the third quarter of 2019 mainly from lower production volumes and higher operating expenses, partially offset by increased natural gas prices.

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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 currently has the following crude oil contracts for 300 barrels of oil per day hedged to December 31, 2020:

Period	Commodity	Type of Contract	Quantity	Pricing Point	Contract Price
Jan 1/20—Mar 31/20	Crude Oil	Fixed	300 bbls/d	WCS	CAD $57.00
Apr 1/20—Jun 30/20	Crude Oil	Fixed	300 bbls/d	WTI	CAD $70.20
Apr 1/20—Jun 30/20	Crude Oil	Fixed	300 bbls/d	WCS-WTI Differential	CAD ($28.00)
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)

Using strip pricing at March 18, 2020, Altura's hedging gains in 2020 are estimated to be $3.0 million.

OPERATIONAL UPDATE

In October 2019, Altura commenced water injection in a waterflood pilot project at Leduc-Woodbend. The offsetting producing wells were negatively affected by premature water break-through and water injection was suspended. The cause of the break-through is believed to be communication between fractures on the stimulated producing wells and the injection well which are approximately 200 metres apart. Further technical work is underway to assess waterflood feasibility under various scenarios including inflow control devices (ICD's), unstimulated injection wells, and increased spacing between producers and injectors.

At Entice, Altura drilled and completed its initial horizontal well (93% working interest) targeting the Pekisko Formation in January 2020. This horizontal well followed up a vertical exploratory stratigraphic well that Altura drilled in June 2019. The horizontal well was drilled to a vertical depth of 1,775 meters with a horizontal length of 2,004 meters with 45 frac stages and approximately 13 tonnes of sand per stage. Since equipping the well with artificial lift and temporary facilities on March 5th, the well has produced 645 barrels of sweet 25°API oil, 6.5 MMcf of natural gas and 4,500 barrels of water to March 17th. Approximately 73% of the total water used in the completion has been recovered to date. The well was recently shut-in as a result of the decline in oil prices. Wellsite facility equipment will remain in place and the production test will continue when oil prices improve.

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 is assessing the technical and commercial potential of this play over these lands to determine a potential follow up location.

OUTLOOK

Altura forecasts capital expenditures of $7.0 million for the first quarter of 2020, funded with forecasted cash flow from operating activities and Altura's credit facility. In January Altura drilled and completed one well (0.9 net) at Entice. At Leduc-Woodbend, one well (0.9 net) that was drilled in the fourth quarter of 2019 was completed in January and one well (0.9 net) was drilled and is awaiting completion.

Further to the December 4, 2019 definitive agreement, Altura expects to close the second transaction of the Asset Disposition in the second half of 2020. The definitive agreement for the asset disposition requires the proceeds from the second transaction to be used to fund drilling of a horizontal well in either the Entice or the Leduc-Woodbend areas before December 31, 2020 with no anticipated net capital outlay by Altura.

The COVID-19 pandemic and the recent actions of Saudi Arabia and Russia in the global oil market has resulted in an unprecedent decline in crude oil prices. As a result, Altura is eliminating all discretionary capital spending for the remainder of the year. If the oil price remains at current levels, Altura has the flexibility to shut-in some or all production while generating positive adjusted funds flow in 2020 from forecasted hedging gains.

Altura has implemented measures to foster resilience through these unpredictable times, including a work-from-home program. To date, the Corporation has had no operational impacts from COVID-19.

The Corporation is focused on protecting balance sheet strength in the current volatile commodity price environment.

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

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:

- forecasted capital expenditures of $7.0 million in the first quarter of 2020;
- forecasted hedging gains in 2020;
- Altura's flexibility to shut-in some or all production while generating positive adjusted funds flow in 2020 from forecasted hedging gains;
- plans to close the second transaction of the Asset Disposition in the second half of 2020;
- plans to drill a horizontal well in the Entice or the Leduc-Woodbend areas before December 31, 2020, with no anticipated net capital outlay by Altura; and
- uncertainty about the spread of the COVID-19 virus and the impact it will have on Altura’s operations, the demand for Altura’s products, and economic activity in general.

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 and OPEC+ price-war 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:

- COVID-19 and the OPEC+ price war, including the duration and impacts thereof;
- changes in commodity prices including, without limitation, as a result of COVID-19 and the OPEC+ price war;
- changes in the demand for or supply of Altura’s products; including, without limitation, as a result of COVID-19 and the OPEC+ price war;
- unanticipated operating results or production declines;

- public health crises, such as the recent outbreak of the novel coronavirus (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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