altura ENERGY INC.

Altura Energy Inc. Announces Fourth Quarter and Annual 2016 Financial Results and 60 Percent Annual Production per Share Growth

March 23, 2017

Calgary, Alberta - Altura Energy Inc. ("Altura" or the "Corporation") (TSX Venture: ATU) is pleased to announce its financial and operating results for the three months and year ended December 31, 2016. The audited consolidated financial statements, related management's discussion and analysis ("MD&A"), and Annual Information Form for the year ended December 31, 2016 will be available at www.sedar.com and www.alturaenergy.ca.

OPERATIONAL AND FINANCIAL SUMMARY

	Three months ended			Year ended	
	December 31, 2016	September 30, 2016	December 31, 2015	**December 31, 2016**	December 31, 2015
OPERATING					
Average daily production					
Light and medium oil (bbls/d)	**627**	472	313	**423**	304
Heavy oil (bbls/d)	**195**	18	7	**59**	4
Natural gas (mcf/d)	**890**	473	374	**501**	287
NGLs (bbls/d)	**17**	6	6	**8**	6
Total (boe/d)	**988**	574	389	**574**	361
Total boe/d per million shares – basic and diluted	**9.1**	5.3	3.6	**5.3**	3.3
Average realized prices					
Light and medium oil ($/bbl)	**51.37**	46.04	39.67	**44.37**	46.46
Heavy oil ($/bbl)	**44.54**	37.68	29.86	**42.42**	36.51
Natural gas ($/mcf)	**3.34**	2.53	2.59	**2.65**	2.84
NGLs ($/bbl)	**44.75**	33.53	41.13	**39.60**	38.13
Total ($/boe)	**45.20**	41.41	35.66	**39.95**	42.32
NETBACK AND COST ($/boe)					
Petroleum and natural gas sales	**45.20**	41.41	35.66	**39.95**	42.32
Royalties	**(3.67)**	(3.13)	(1.37)	**(2.90)**	(1.84)
Operating	**(8.99)**	(7.53)	(9.97)	**(9.09)**	(11.06)
Transportation	**(2.52)**	(2.73)	(2.76)	**(2.67)**	(2.74)
Operating netback(1)	**30.02**	28.02	21.56	**25.29**	26.68
General and administrative	**(6.03)**	(5.49)	(10.61)	**(8.16)**	(10.55)
Exploration expense	**-**	(0.70)	-	**(0.32)**	-
Interest and financing expense	**(0.05)**	(0.08)	(0.21)	**(0.17)**	(0.24)
Interest income	**0.25**	0.78	0.87	**0.76**	0.41
Corporate netback(1)	**24.19**	22.53	11.61	**17.40**	16.30
FINANCIAL ($000, except per share amounts)					
Petroleum and natural gas sales	**4,106**	2,189	1,275	**8,390**	5,583
Funds from operations(1)	**2,197**	1,193	415	**3,656**	2,152
Per share – basic and diluted(1)	**0.02**	0.01	-	**0.03**	0.03
Cash flow from (used in) operating activities	**1,683**	763	265	**2,337**	1,207
Per share – basic and diluted	**0.02**	0.01	-	**0.02**	0.02
Income (loss)	**264**	(68)	(417)	**(1,249)**	(3,809)
Per share – basic and diluted	**-**	-	-	**(0.01)**	(0.06)
Capital expenditures, acquisitions and dispositions	**6,945**	8,049	1,667	**17,492**	3,184
Working capital surplus	**8,455**	13,209	22,129	**8,455**	22,129
Common shares outstanding (000)(2)					
End of period – basic	**108,921**	108,921	108,921	**108,921**	108,921
Weighted average for the period – basic	**108,921**	108,921	108,821	**108,921**	65,619
Weighted average for the period – diluted	**108,921**	108,921	108,821	**108,921**	65,619

(1) Funds from operations, funds from operations per share, corporate netback, and operating netback, do not have standardized meanings prescribed by generally accepted accounting principles and therefore should not be considered in isolation. These reported amounts and their underlying calculations are not necessarily comparable or calculated in an identical manner to a similarly titled measure of other companies where similar terminology is used. Where these measures are used they should be given careful consideration by the reader. Refer to the Non-GAAP Measures paragraph in the Advisories section of the MD&A.

(2) A share consolidation was effected on October 16, 2015. The number of shares, warrants and options outstanding have been adjusted for the consolidation on a retroactive basis.

FOURTH QUARTER 2016 HIGHLIGHTS

- Production volumes averaged 988 boe per day, a per share increase of 72 percent from the third quarter of 2016 and 154 percent from the fourth quarter of 2015.
- Drilled and brought on production four gross (3.5 net) wells including an oil well in the Leduc-Woodbend area of Alberta which represents a new Upper Mannville oil pool for the Corporation.
- Increased the Leduc-Woodbend land position through Crown land sales and land acquisitions to 50 sections of 100 percent working interest ("WI") land within the estimated pool boundary.
- Added 6.5 net sections of land through various transactions in a Sparky oil prospect in the Macklin area on the Alberta/Saskatchewan border.
- Operating and transportation costs were $11.51 per boe, 12 percent higher than the third quarter of 2016 and 10 percent lower than the fourth quarter of 2015.
- Corporate netback of $24.19 per boe, increased 7 percent from the third quarter of 2016 and 108 percent from the fourth quarter of 2015 predominantly due to increased average sales prices.
- Funds from operations were $2.2 million, up 84 percent from the third quarter of 2016 and up 429 percent from the fourth quarter of 2015 due primarily to increased production volumes and commodity prices.
- Earnings of $264,000 compared to a loss of $68,000 in the third quarter of 2016 and a loss of $417,000 in the fourth quarter of 2015.
- Capital expenditures totaled $6.9 million. This included: $3.9 million on drilling, completing, workovers, equipping and facilities; and $3.0 million on land, geological and geophysical costs.

2016 HIGHLIGHTS

- Closed a $4.1 million property acquisition in the Killam area of Alberta on September 14, 2016 (the "Killam Acquisition"). Altura acquired 122 boe per day (55% oil and liquids) of 28° API oil production, 7.3 net sections of land and facility infrastructure including a natural gas pipeline connecting the Killam facilities to a third-party gas plant.
- Production volumes averaged 574 boe per day, a per share increase of 60 percent from 2015 due to seven gross (6.5 net) new oil wells drilled and brought on production in the second half of the year, along with 109 days of production associated with the Killam Acquisition.
- Operating and transportation costs were $11.76 per boe, 15 percent lower than 2015 due primarily to increased production volumes.
- Corporate netback of $17.40 per boe, increased 7 percent from 2015 predominantly due to lower operating costs and lower G&A.
- Funds from operations were $3.7 million, up 70 percent from 2015 due to increased production volumes.
- Capital expenditures, excluding property acquisitions and dispositions, totaled $13.5 million. This included: $8.7 million on drilling, completing, workovers, equipping and facilities; $4.6 million on land, geological and geophysical costs; and $0.2 million on capitalized G&A.
- 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[1] 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.

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[1] "Finding, development and acquisitions costs" or "FD&A costs", "Recycle Ratio" do not have standardized meanings. See "*Oil and Gas Metrics*" contained in this news release.

- Recycle ratio[1] of 1.3 times for PDP, 1.4 times for 1P, and 2.1 times for 2P reserves based on 2016 FD&A costs[1] and Altura's 2016 operating netback of $25.29 per boe. Using the Q4 2016 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.
- Ended the year with a Liability Management Rating ("LMR") of 5.8 with the Alberta Energy Regulator.
- Ended the year with a $8.5 million working capital surplus and no debt.

OPERATIONAL REVIEW

Altura achieved fourth quarter production of 988 boe per day, up 414 boe per day (72 percent per share) from the third quarter of 2016 due to incremental production from the Corporation's 2016 drilling program in the third and fourth quarters of 2016 as well as a full quarter of production from the Killam Acquisition.

Altura invested $6.9 million on capital expenditures in the fourth quarter of 2016 including: $4.0 million on drilling, completing, workovers, equipping and facilities; and $2.9 million on land. The Corporation drilled four gross (3.5 net) wells, including one Sparky oil well at Eyehill, two gross (1.5 net) Sparky oil wells at Wildmere and one Dina oil well in the Provost area. Altura incurred $0.5 million upgrading its multi-well battery at Eyehill related to the initiation of a waterflood, which is planned to commence water injection in the second quarter of 2017. An additional $1.5 million is estimated for the first quarter of 2017 to complete the facility upgrade. Land costs in the quarter included $1.7 million related to Crown land sales and land acquisitions in the Leduc-Woodbend area, and $1.2 million for 6.5 sections of land in a Sparky oil prospect in the Macklin area on the Alberta/Saskatchewan border.

Since October 2015, the Corporation has accumulated over 50 sections of 100 percent WI land in the Leduc-Woodbend area. The land holdings are comprised of approximately 50 percent freehold and 50 percent Crown leases. Overall, the land position was acquired at an average cost of $80 per acre.

Land holdings for the Corporation currently total 87,027 gross (77,975 net) acres, with an average working interest of 89 percent.

OPERATIONAL UPDATE

In 2017, Altura has drilled six wells at a 100 percent WI, including: three at Eyehill; one at Leduc-Woodbend; one at Macklin (on the Saskatchewan side); and one at Killam. Altura has continued to achieve industry leading drilling efficiencies at Eyehill with average spud to rig release time under 3.5 days, an improvement of 8 percent compared to the three wells drilled by Altura in 2016. These efficiencies have been applied in the recent drilling of analogous Macklin and Killam Upper Mannville prospects within the Corporation.

Altura expects to execute completions on all six wells by the end of the first quarter with the wells coming on production in April 2017.

Altura has completed its expansion of the Eyehill multi-well battery and is on track to commence water injection in the second quarter of 2017.

MANAGEMENT UPDATE

Altura is pleased to announce the appointment of Mr. Craig Stayura to the position of Vice President, Land. Mr Stayura is a Landman with over 10 years of industry experience. Mr. Stayura joined Altura in June 2016 as Land Manager and has proved to be a key member of Altura's management team. Mr. Stayura started his career with ConocoPhillips Canada where he initially worked as a Jr. Landman, and later as an Area Landman in a number of areas within the organization. He then joined Mosaic Energy Ltd. in the position of Negotiating Landman. Mr. Stayura graduated from the University of Calgary with a Bachelor of Commerce Degree in Petroleum Land Management, and is an active member of the Canadian Association of Petroleum Landmen.

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[1] "Finding, development and acquisitions costs" or "FD&A costs", "Recycle Ratio" do not have standardized meanings. See "*Oil and Gas Metrics*" contained in this news release.

OUTLOOK

Capital investment in 2017 is expected to total $17 million with $13.3 million to drill, complete, equip and tie-in 11 gross (10.2 net) wells. This will include drilling three wells at Eyehill, two wells at Leduc-Woodbend, three gross (2.2 net) wells at Wildmere, two wells at Killam and one well at Macklin.

The planned 10.2 net well drilling program is forecasted to add approximately 750 boe per day by December 2017, which delivers a risked capital efficiency of approximately $17,700/boe per day (assuming $13.3 million of well related capital). The incremental production is expected to offset forecast base declines and grow overall production to exit 2017 at a rate of approximately 1,350 boe per day. Capital spending is expected to be funded from cash on hand, cash flow from operating activities and Altura's existing credit facility, if required.

Altura has accumulated a large oil-weighted drilling inventory with exposure to several different plays and will continues to pursue conventional crude oil plays in the Western Canadian Sedimentary Basin with a focus in central Alberta targeting the shallow, multi-zone, oil-weighted section of the Upper Mannville Group. This area is expected to generate strong cash netbacks with competitive drilling and completion costs for these shallow targets, thereby delivering attractive economics in the context of the current commodity price environment. To diversify and strengthen the long-term profitability of the Corporation, Altura is also evaluating other oil-prone regions that demonstrate these attributes.

Looking ahead, with a working capital surplus of $8.5 million and no debt at the end of 2016, the Corporation is strategically positioned to:

- Profitably grow corporate production per share and evaluate recently acquired lands by drilling select horizontal wells from its drilling inventory;
- Establish the Corporation in organic play concepts by acquiring strategic parcels of land during a period when land prices are at a 20-year low; and
- Capitalize on strategic acquisition opportunities.

ANNUAL GENERAL MEETING

The Annual General Meeting of shareholders will be held at 10:30 a.m. on Thursday, May 18, 2017 in the Cardium Room at the Calgary Petroleum Club, 319 – 5th Avenue SW, Calgary, Alberta.

ABOUT ALTURA ENERGY INC.

Altura Energy Inc. is a public oil and gas corporation 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 expected completion and on production dates of wells drilled in 2017. 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.

Non-GAAP Measures

This press release contains references to measures used in the oil and natural gas industry such as "funds from operations", "corporate netback", "funds from operations per share", and "operating netback". These measures do not have standardized meanings prescribed by generally accepted accounting principles ("GAAP") and therefore should not be considered in isolation. These reported amounts and their underlying calculations are not necessarily comparable or calculated in an identical manner to a similarly titled measure of other companies where similar terminology is used. Where these measures are used, they should be given careful consideration by the reader. These measures have been described and presented in the press release in order to provide shareholders and potential investors with additional information regarding the Corporation's liquidity and its ability to generate funds to finance its operations.

Funds from operations should not be considered an alternative to, or more meaningful than, cash provided by operating, investing and financing activities or net income as determined in accordance with GAAP, as an indicator of Altura's performance or liquidity. Funds from operations is used by Altura to evaluate operating results and the Corporation's ability to generate cash flow to fund capital expenditures and repay indebtedness. Funds from operations denotes cash flow from operating activities as it appears on the Corporation's statement of cash flows before decommissioning expenditures, if any, transaction costs and changes in non-cash operating working capital. Funds from operations is also derived from income (loss) plus transaction costs and non-cash items including deferred income tax expense, depletion, depreciation and amortization expense, share-based compensation expense, impairment, the gain (loss) on investments, flow-through share renunciation, gains (losses) on disposition of assets and accretion expense. Funds from operations per share is calculated as funds from operations divided by the weighted average number of basic and diluted common shares outstanding. Operating netback denotes total sales less royalty expenses, and operating and transportation costs calculated on a per boe basis. Corporate netback denotes operating netback less general and administrative, interest and financing expense, exploration expense plus interest income on a per boe basis.

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", and "recycle ratio". 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 includes all capital expenditures in the year inclusive of the net acquisition costs and disposition proceeds as well as the change in future development costs 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. 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.

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