altura ENERGY INC.

Altura Energy Inc. Announces First Quarter 2017 Financial Results and Operational Update

May 10, 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 ended March 31, 2017. The unaudited interim condensed consolidated financial statements, and related management's discussion and analysis ("MD&A") will be available at www.sedar.com and www.alturaenergy.ca.

OPERATIONAL AND FINANCIAL SUMMARY

	Three months ended		
	March 31, 2017	December 31, 2016	March 31, 2016
OPERATING			
Average daily production			
Light and medium oil (bbls/d)	**539**	627	330
Heavy oil (bbls/d)	**309**	195	11
Natural gas (mcf/d)	**909**	890	348
NGLs (bbls/d)	**16**	17	7
Total (boe/d)	**1,015**	988	405
Total boe/d per million shares – basic and diluted	**9.3**	9.1	3.7
Average realized prices			
Light and medium oil ($/bbl)	**53.52**	51.37	28.30
Heavy oil ($/bbl)	**46.23**	44.54	20.57
Natural gas ($/mcf)	**2.96**	3.34	1.96
NGLs ($/bbl)	**40.56**	44.75	24.26
Total ($/boe)	**45.76**	45.20	25.65
NETBACK AND COST ($/boe)			
Petroleum and natural gas sales	**45.76**	45.20	25.65
Royalties	**(4.20)**	(3.67)	(1.33)
Operating	**(9.96)**	(8.99)	(9.67)
Transportation	**(2.26)**	(2.52)	(2.81)
Operating netback(1)	**29.34**	30.02	11.84
General and administrative	**(3.83)**	(6.03)	(9.65)
Interest and financing expense	**(0.07)**	(0.05)	(0.18)
Interest income	**0.16**	0.25	1.19
Corporate netback(1)	**25.60**	24.19	3.20
FINANCIAL ($000, except per share amounts)			
Petroleum and natural gas sales	**4,178**	4,106	946
Funds from operations(1)	**2,337**	2,197	117
Per share – basic and diluted(1)	**0.02**	0.02	-
Cash flow from (used in) operating activities	**2,794**	1,683	(137)
Per share – basic and diluted	**0.03**	0.02	-
Income (loss)	**13**	264	(753)
Per share – basic and diluted	**-**	-	(0.01)
Capital expenditures, acquisitions and dispositions	**8,952**	6,945	204
Working capital surplus	**2,436**	8,455	22,199
Common shares outstanding (000)			
End of period – basic	**108,921**	108,921	108,921
Weighted average for the period – basic	**108,921**	108,921	108,921
Weighted average for the period – diluted	**109,289**	108,921	108,921

(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.

FIRST QUARTER 2017 HIGHLIGHTS

- Production volumes averaged 1,015 boe per day, a per share increase of 151 percent from the first quarter of 2016.
- Corporate netback of $25.60 per boe, an increase of six percent from the fourth quarter of 2016 and 700 percent from the first quarter of 2016.
- Funds from operations were $2.3 million, up six percent from the fourth quarter of 2016 and up $2.2 million from the first quarter of 2016. Earnings of $13,000 compared to a loss of $753,000 in the first quarter of 2016.
- Capital expenditures totaled $9.0 million. This included $7.6 million on drilling, completing, workovers, equipping and facilities and $1.4 million on land, geological, geophysical and other costs.
- Successfully drilled six 100% WI horizontal oil wells: one Rex oil well at Leduc-Woodbend; three Sparky oil wells at Eyehill; one Sparky oil well at Macklin; and one Rex oil well at Killam. The Leduc-Woodbend well was completed and brought on production on March 28, 2017, while the remaining five wells were completed and brought on production in late April 2017.
- Continued to improve Upper Mannville drilling efficiencies with a pacesetter well in the Eyehill area that was rig released in under three days at a measured depth of 2,379 meters.
- Drilled and completed a second successful horizontal well in the Leduc-Woodbend Upper Mannville Rex oil pool, 10 km north of the original horizontal exploration well that the Corporation drilled in 2016. The success of Altura's two initial Leduc-Woodbend horizontal oil wells indicates material development potential across the Corporation's 52 sections of land.
- Drilled the first horizontal well in the new Macklin Sparky oil pool.
- Ended the quarter with a Liability Management Rating ("LMR") of 6.7 with the Alberta Energy Regulator.
- Ended the quarter with a $2.4 million working capital surplus and no debt.

OPERATIONAL UPDATE

Altura achieved first quarter production of 1,015 boe per day, up 27 boe per day (3 percent per share) from the fourth quarter of 2016 and up 610 boe per day (151 percent per share) from the first quarter of 2016. Altura drilled six horizontal wells in the quarter, including one Rex oil well at Leduc-Woodbend, three Sparky oil wells at Eyehill, one Rex oil well at Killam, and one Sparky oil well in the Macklin area on the Saskatchewan side of the border. The Leduc-Woodbend well was completed and brought on production on March 28, 2017 and although initial rates exceeded expectations the well's four producing days did not have a significant impact on production in the quarter. The remaining five wells were completed and brought on production in late April and will impact production in the second quarter of 2017.

Altura generated funds from operations of $2.3 million, up six percent from the fourth quarter of 2016 due primarily to decreased general and administrative expenses.

Altura invested $9.0 million on capital expenditures in the first quarter of 2017 including $6.1 million on drilling, completing, workovers, and equipping; $1.4 million on land and other; and $1.5 million on facilities in the Eyehill area to initiate a waterflood pilot in the second half of 2017. Land costs in the first quarter of 2017 were primarily related to Crown land sales and freehold land acquisitions in the Leduc-Woodbend area of Alberta.

Leduc-Woodbend

The new 102/12-15-049-26W4 ("12-15") horizontal well was drilled in January 2017 into the Upper Mannville Rex oil pool approximately 10 km north of the 100/13-15-048-26W4 ("13-15") horizontal exploration well which was drilled by Altura in August 2016. The 12-15 well was drilled to a true vertical depth of 1,285 meters with a one-mile horizontal leg and was completed with a 31-stage hydraulic fracture stimulation. Altura optimized the completion design for the 12-15 well which eliminated proppant flow-back experienced in the early production stage of the original 13-15 well. Drilling and completion costs are estimated at $2.3 million. Altura expects that drilling and completion costs of $1.8 million will be achieved on subsequent one-mile horizontal wells at Leduc-Woodbend to develop the pool.

The 13-15 well was placed on production on November 22, 2016. The initial production rate over the first 30 producing days was 230 boe per day[1] (93% 17° API oil), at an average water cut of 68% and a producing fluid level estimated at 500 meters from surface. Based on field estimates the well is currently producing 130 boe per day (approximately 80% oil) with a rod insert pump, and 72% water cut. The cumulative oil production to May 8, 2017 is approximately 20,000 barrels of oil.

The 12-15 well was placed on production on March 28, 2017. The initial production rate over the first 30 producing days was 177 boe per day[1] (92% 17° API oil), at an average water cut of 67% and a producing fluid level at surface. Based on field estimates the well is currently producing 254 boe per day (92% oil) with a rod insert pump, 52% water cut and a producing fluid level at surface. The cumulative oil production to May 8, 2017 is approximately 5,000 barrels of oil.

Altura plans to build, pipeline connect and operate a produced water disposal facility in the second half of 2017 to reduce water trucking and disposal costs associated with pool development and production. In addition to the existing two multi-well pads Altura has constructed, the Corporation will be acquiring another eight multi-well pads to advance from the exploration stage and commercial concept to full field development over the coming months.

The Corporation has now drilled two horizontal oil wells targeting an accumulation that Altura believes to be one of the largest conventional oil pools identified in the Western Canadian Sedimentary Basin within the last 20 years. The Corporation currently has 52 sections of 100% WI land capturing a significant portion of this stratigraphically trapped Upper Mannville pool defined by nearly 700 vertical wellbore penetrations with bypassed pay.

Eyehill

The three Sparky horizontal wells drilled in the first quarter of 2017 commenced production at the end of April and are presently in a clean-up period producing completion fluids. They produce to an existing gathering system and are treated at Altura's recently expanded multi-well oil battery at 13-11-037-03W4. The wells were successfully drilled and completed as one-mile multi-stage horizontal wells consistent with the well design of previous wells in the area.

Drilling and completion costs averaged $870,000 per well which is consistent with 2016 realized costs in this area. Altura continued to improve on its industry leading Upper Mannville drilling efficiencies with a pacesetter well in the Eyehill area that was rig released in under three days, at a measured depth of 2,379 meters.

During the second half of 2017 Altura remains on schedule to implement a waterflood pilot by converting an existing one-mile horizontal well to water injection. This is expected to improve the recovery factor of the offsetting producing wells from 10% to 20% and further reduce operating costs.

Macklin

During 2016 Altura assembled a 6.5 section 100% WI land position in a 19° API Sparky oil pool that straddles the Alberta-Saskatchewan border at Macklin. There are several vertical wellbores that have been drilled in the pool and in the first quarter of 2017 Altura successfully drilled the first horizontal well in the pool. The well was drilled to a true vertical depth of 725 meters with a one-mile horizontal leg and was completed with a 23-stage hydraulic fracture stimulation in April. The well came on production at the end of April and is presently in a clean-up period producing completion fluids.

Killam

The Killam property was acquired by Altura in the third quarter of 2016. In the first quarter of 2017, Altura successfully drilled the Killam 100/15-15-044-013W4 horizontal well which was completed with a 24-stage hydraulic fracture treatment in April. This is the first horizontal well completed with a multi-stage hydraulic fracture stimulation in this 28° API Rex oil pool. All earlier horizontal wells were open-hole completions and not fracture stimulated. The well was brought on production at the end of April and is presently in a clean-up period producing completion fluids.

OUTLOOK

Through the remainder of 2017, Altura plans to drill five (4.2 net) horizontal wells including one at Killam, one at Leduc-Woodbend and three gross (2.2 net) at Wildmere. The Corporation's 2017 net capital investment program is expected to total $17.7 million with $14.2 million to drill, complete, equip and tie-in a total of 11 gross (10.2 net) wells. The

[1] Initial production rate excludes hours and days when the well did not produce.

allocation of capital among the Corporation's properties may change depending upon commodity prices, well performance, well economics and strategic objectives.

Assuming $14.2 million of well-related capital, 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 $18,900/boe per day. 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 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.

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, plans concerning future water disposal facilities at Leduc-Woodbend, the acquisition of additional multi-well pads at Leduc-Woodbend, expected drilling and completion cost reductions at Leduc-Woodbend, timing of the waterflood pilot program at Eyehill, planned improved recovery factors at Eyehill, and expected cost reductions at Eyehill and Leduc-Woodbend.

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 depletion, depreciation and amortization expense, share-based compensation expense, impairment, the gain (loss) on investments, 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.

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. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Corporation.

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