



## ALTURA ENERGY INC. ANNOUNCES ITS FIRST QUARTER 2016 RESULTS

MAY 11, 2016

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**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, 2016. The associated management's discussion and analysis ("MD&A") and unaudited interim condensed consolidated financial statements as at March 31, 2016 and for the three months ended March 31, 2016 can be found at [www.sedar.com](http://www.sedar.com) and [www.alturaenergy.ca](http://www.alturaenergy.ca).

### OPERATIONAL AND FINANCIAL SUMMARY

	Three months ended		
	March 31, 2016	December 31, 2015	March 31, 2015
<b>OPERATING</b>			
Average daily production			
Crude oil (bbls/d)	341	320	355
Natural gas (mcf/d)	348	374	268
NGLs (bbls/d)	7	6	6
Total (boe/d)	405	389	405
Average realized prices			
Crude oil (\$/bbl)	28.04	39.46	43.73
Natural gas (\$/mcf)	1.96	2.59	2.99
NGLs (\$/bbl)	24.26	41.13	40.14
Total (\$/boe)	25.65	35.66	40.84
<b>NETBACK AND COST (\$/boe)</b>			
Petroleum and natural gas sales	25.65	35.66	40.84
Royalties	(1.33)	(1.37)	(1.90)
Operating	(9.67)	(9.97)	(9.26)
Transportation	(2.81)	(2.76)	(2.61)
Operating netback <sup>(1)</sup>	11.84	21.56	27.07
General and administrative	(9.65)	(10.61)	(6.68)
Interest and financing expense	(0.18)	(0.21)	(0.12)
Interest income	1.19	0.87	0.02
Corporate netback <sup>(1)</sup>	3.20	11.61	20.29
<b>FINANCIAL (\$)</b>			
Petroleum and natural gas sales	946	1,275	1,489
Funds from operations <sup>(1)</sup>	117	415	738
Per share – basic and diluted <sup>(1)</sup>	-	-	0.02
Cash flow from / (used in) operating activities	(137)	262	678
Per share – basic and diluted	-	-	0.02
Income (loss)	(753)	(418)	361
Per share – basic and diluted	(0.01)	-	0.01
Capital expenditures, net of divestitures	204	1,666	388
Working capital surplus (deficit)	22,199	22,129	(208)
Common shares outstanding (000) <sup>(2)</sup>			
End of period – basic	108,921	108,921	35,168
Weighted average for the period – basic and diluted	108,921	108,821	35,289

(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.

## **FIRST QUARTER 2016 HIGHLIGHTS**

- Production volumes averaged 405 boe per day, four percent higher than the fourth quarter of 2015 and consistent with the first quarter of 2015.
- Funds from operations was \$117 thousand, down 72 percent from the fourth quarter of 2015 and 84 percent from the first quarter of 2015 as a result of significantly lower realized crude oil and natural gas prices.
- Operating and transportation costs were \$12.48 per boe, a two percent reduction from the fourth quarter of 2015 and a five percent increase from the first quarter of 2015.
- Operating netback was \$11.84 per boe, down 45 percent from the fourth quarter of 2015 and down 56 percent from the first quarter of 2015 as a result of the decline in the average realized sales prices for these periods.
- Exited the first quarter of 2016 with a Liability Management Rating ("LMR") of 6.62 with the Alberta Energy Regulator.
- Ended the first quarter of 2016 with a \$22.2 million working capital surplus and no debt.

## **OPERATIONAL UPDATE**

Altura's activities during the first quarter of 2016 were focused on maintaining the base production, evaluating organic growth concepts, finalizing the post break-up drilling program and reducing per unit operating costs, including negotiations with its key service providers. The Corporation also initiated the engineering for the expansion of Altura's multi-well battery in the Klein North area to handle additional new wells and the waterflood project planned in the 2016 capital budget.

## **MODERNIZED ROYALTY FRAMEWORK**

On January 29, 2016 the Alberta Government released a report of its Royalty Review and Advisory Panel. The report sets forth a new Modernized Royalty Framework ("MRF") that is scheduled to commence for wells drilled starting January 1, 2017. In general, the MRF looks to reward those companies who continuously innovate, strive to reduce their costs and their environmental footprints.

Most of the details on the quantitative aspects of the MRF were released on April 21, 2016. Additional details are scheduled to be released by the Department of Energy in the coming weeks. From the information available so far, Altura concludes that the MRF will not have a significant impact on the Corporation's well investment economics over the commodity price range that the Corporation would model for the foreseeable future.

## **OUTLOOK**

With the improvement in the crude oil forward strip pricing from the lows seen in early 2016, the Corporation is planning to commence the 2016 drilling program in June, which includes three (3.0 net) wells in the Klein North area, two (1.4 net) wells in the Wildmere area and two (2.0 net) wells to evaluate a new area. The 2016 drilling, completion, equipping and tie-in capital budget of \$8.7 million remains unchanged from the budget announced on March 31, 2016. The program is forecasted to add approximately 535 boe per day in December 2016, which will more than offset forecast base declines and is expected to grow overall production to exit 2016 at 770 boe per day, 90 percent higher than the first quarter of 2016 average of 405 boe per day.

Management intends to continuously monitor commodity prices and may at any time adjust the 2016 capital program if oil prices deteriorate or strengthen. This will ensure that Altura maintains a strong balance sheet and that returns on invested capital exceed the Corporation's hurdle rate.

Altura is currently pursuing conventional crude oil plays in the Western Canadian Sedimentary Basin with an initial focus in central Alberta targeting the shallow, multi-zone, oil-weighted section of the Upper Mannville. 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 cash position of \$21.9 million and no debt at the end of the first quarter of 2016, the Corporation is well-positioned to:

- Profitably grow corporate production and evaluate recently acquired lands by drilling select horizontal wells from its drilling inventory;
- Establish the Corporation in a second organic play concept by acquiring strategic parcels of land during a period when land prices are at a 20-year low; and
- Capitalize on strategic acquisition opportunities with the advantage provided by its strong LMR which gives the Corporation flexibility in respect to acquisition targets having lower LMR's.

## **ANNUAL GENERAL MEETING**

The Annual General Meeting of shareholders will be held at 10:30 a.m. on Wednesday, May 18, 2016 in the Royal Room at the Metropolitan Conference Centre, 333 4<sup>th</sup> 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 following: 2016 capital expenditure budget, including details of expected drilling and completion plans relating to such budget, the ability to grow corporate production volumes, impact of the MRF, establishing the Corporation in a second organic play and potential acquisition opportunities.

The forward-looking information and statements contained in this press release reflect several material factors and expectations and assumptions of Altura including, without limitation: 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; 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 (recovery) expense, depletion, depreciation and amortization expense, share-based compensation expense, impairment, the fair value of 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 and interest and financing expense plus interest income on a per boe basis.

## **Oil and Gas Advisories**

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

## **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.

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