altura ENERGY INC.

Altura Energy Inc. Announces Record Production with First Quarter 2019 Financial and Operating Results

May 14, 2019

Calgary, Alberta - Altura Energy Inc. ("Altura" or the "Corporation") (TSXV: ATU) is pleased to announce its financial and operating results for the three months ended March 31, 2019. The unaudited interim condensed 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 three months ended March 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		
	March 31, 2019	December 31, 2018	March 31, 2018
OPERATING			
Average daily production			
Heavy oil (Bbls/d)	**1,404**	1,044	408
Medium oil (Bbls/d)	**68**	46	547
Natural gas (Mcf/d)	**2,510**	1,699	1,336
NGLs (Bbls/d)	**47**	38	37
Total (Boe/d)	**1,939**	1,412	1,215
Total Boe/d per million shares – diluted	**17.6**	12.8	11.1
Average realized prices			
Heavy oil ($/Bbl)	**51.62**	25.28	51.06
Medium oil ($/Bbl)	**48.97**	51.44	45.58
Natural gas ($/Mcf)	**2.06**	1.74	2.14
NGLs ($/Bbl)	**37.16**	40.19	50.44
Total ($/Boe)	**42.71**	23.57	41.58
($/Boe)			
Petroleum and natural gas sales	**42.71**	23.57	41.58
Royalties	**(3.98)**	(2.40)	(4.54)
Operating	**(8.18)**	(6.16)	(11.01)
Transportation	**(3.70)**	(2.45)	(1.65)
Operating netback(1)	**26.85**	12.56	24.38
General and administrative	**(2.64)**	(5.99)	(4.05)
Exploration expense	**(0.12)**	(0.04)	-
Credit facility interest and financing expense	**(0.29)**	(0.18)	(0.51)
Adjusted funds flow per Boe(1)	**23.80**	6.35	19.82
FINANCIAL ($000, except per share amounts)			
Petroleum and natural gas sales	**7,453**	3,062	4,547
Adjusted funds flow(1)	**4,153**	826	2,168
Per share – diluted(1)	**0.04**	0.01	0.02
Net income (loss)	**929**	(984)	177
Per share – diluted(2)	**0.01**	(0.01)	-
Capital expenditures	**1,453**	3,050	7,345
Property acquisitions/(dispositions), net	**-**	986	-
Total capital expenditures, acquisitions and dispositions	**1,453**	4,036	7,345
Net debt(1)	**2,105**	4,805	8,495
Common shares outstanding (000)			
End of period – basic	**108,921**	108,921	108,921
Weighted average for the period – basic(2)	**108,921**	108,921	108,921
Weighted average for the period – diluted(2)	**110,430**	110,260	109,133

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.

FIRST QUARTER 2019 HIGHLIGHTS

- Produced a record average of 1,939 Boe per day, an increase of 60 percent from the first quarter of 2018, while reducing net debt[1] to $2.1 million compared to $8.5 million at March 31, 2018.
- Generated adjusted funds flow[1] of $4.2 million, up 92 percent from the first quarter of 2018. Adjusted funds flow per Boe was $23.80, up 20 percent from the first quarter of 2018.
- Generated net income of $0.9 million compared to a net loss of $1.0 million in the fourth quarter of 2018 and net income of $0.2 million in the first quarter of 2018.
- Reduced the aggregate of royalties, operating, transportation, G&A, exploration and interest costs to $18.91 per Boe, down 13 percent from the first quarter of 2018.
- Increased the operating netback[1] to $26.85 per Boe, up 114 percent from the fourth quarter of 2018 and up 10 percent from the first quarter of 2018.
- Net debt of $2.1 million down from $4.8 million at December 31, 2018, resulted in net debt to annualized adjusted funds flow of 0.1 times at March 31, 2019.
- Ended the quarter with a Liability Management Rating ("LMR") of 8.60 with the Alberta Energy Regulator (May 4, 2019 LMR report).

FIRST QUARTER REVIEW

In mid-November 2018, Altura voluntarily curtailed production volumes in response to weak oil prices caused by wide Canadian oil differentials. The Canadian oil differentials then narrowed significantly in early 2019 and Altura brought the curtailed production back online at the beginning of January. The Corporation's production volumes averaged 1,939 Boe per day, which equated to per share increases of 37 percent from the fourth quarter of 2018 and 60 percent from the first quarter of 2018.

Altura is centrally located with many oil sales terminal options and therefore nominates its oil volumes to these terminals based on the highest estimated price net of trucking costs. When the Western Canadian Select ("WCS") differential relative to the Mixed Sweet Blend ("MSW") differential is narrow, the pricing favors delivering to WCS-priced terminals in eastern Alberta with increased trucking costs. In the first quarter of 2019, the WCS to MSW differential was narrow, averaging $7.44 per barrel, therefore Altura delivered increased volumes to terminals in eastern Alberta to maximize pricing. This resulted in transportation costs increasing $1.25 per Boe from the fourth quarter of 2018 to $3.70 per Boe in the first quarter of 2019.

Operating costs increased $2.02 per Boe from the fourth quarter of 2018 to $8.18 per Boe due mainly to increased repairs and maintenance activity resulting from reactivating curtailed production, additional property taxes and increased gas processing fees.

The Corporation's operating netback[1] averaged $26.85 per Boe, up 114 percent from the fourth quarter of 2018. The increase was due to the increase in the WCS oil price in the quarter, partially offset by higher royalties, operating costs and transportation costs.

Adjusted funds flow[1] was $4.2 million in the first quarter of 2019, up 403 percent from the fourth quarter of 2018 due to increased production volumes and recovery of the WCS oil price in the quarter.

In the first quarter of 2019, Altura invested $1.5 million on capital expenditures at Leduc-Woodbend. The last well of Altura's 2018 summer drilling program, which was drilled and completed in 2018, was equipped for production in January 2019. Facilities costs of $0.6 million included an electrification project at Altura's multi-well battery and associated pad sites, pipeline costs and initial costs related to a solution gas compressor installation that was completed in May 2019. Workover costs totaled $0.5 million and included design modifications on certain wells to improve runtime.

CREDIT FACILITY UPDATE

In April 2019, Altura's credit facility was increased from $6.0 million to $10.0 million based on the annual review of the Corporation's reserves. The interest rate on the credit facility is equal to the lender’s prime rate plus 1.75 percent per annum

---

[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.

and the credit facility was amended to include a hedging covenant and a minimum LMR covenant. Refer to Altura's first quarter of 2019 MD&A for further information.

HEDGING

In April 2019, Altura entered into the following crude oil contracts:

Period	Commodity	Type of Contract	Quantity	Pricing Point	Contract Price
May 2019	Crude Oil	Fixed	300 Bbls/d	WTI- NYMEX	CAD $87.00
June 2019	Crude Oil	Fixed	300 Bbls/d	WCS	CAD $70.00
July 1/19─March 31/20	Crude Oil	Fixed	300 Bbls/d	WCS	CAD $57.00

OUTLOOK

Corporate guidance for 2019 remains as previously announced with a capital program of $15 million. The capital program is weighted to the second half of 2019 and includes drilling four extended reach horizontal ("ERH") wells at Leduc-Woodbend.

Additionally, Altura plans to implement a waterflood pilot project at Leduc-Woodbend. An existing horizontal well is planned to be converted to a water injector and two of the four wells are expected to be drilled offsetting the injector at 200 meter inter-well spacing compared to the existing 400 meter spacing.

Altura's base production coupled with production from its planned capital program is forecasted to grow annual average production to between 1,700 to 1,800 Boe per day in 2019, compared to 1,172 Boe per day in 2018, representing more than a 45 percent increase on an absolute and per share basis.

Altura has been working on a second organic play concept in Alberta that would represent a new area for the Corporation. Altura is planning to drill a vertical stratigraphic well in the summer of 2019 to evaluate the concept.

Management intends to continuously monitor well performance and commodity prices throughout the year and may at any time adjust the 2019 capital program if well performance is exceeding expectations or if oil prices deteriorate or strengthen. The capital program leaves Altura with a conservative balance sheet and the flexibility to accelerate development in the second half of 2019 if results and commodity prices are supportive.

ANNUAL GENERAL MEETING

The Annual General Meeting of shareholders will be held at 11:00 a.m. on Thursday, May 16, 2019 in the Viking Room at the Calgary Petroleum Club, 319 – 5th Avenue SW, Calgary, Alberta.

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.

An updated corporate presentation is available on Altura's website at www.alturaenergy.ca.

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 2019 capital expenditure program;

- forecasted average production and percent growth for 2019;
- plans to implement a waterflood pilot project in 2019; and
- plans to drill a vertical stratigraphic well in June 2019.

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 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.

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.

For further information please contact:

Altura Energy Inc.
2500, 605 – 5th Avenue SW
Calgary, Alberta T2P 3H5
Telephone (403) 984-5197
www.alturaenergy.ca

David Burghardt
President and Chief Executive Officer
Direct (403) 984-5195

Tavis Carlson
Vice President, Finance and Chief Financial Officer
Direct (403) 984-5196

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.