Altura Energy Inc. Announces Q1 2020 Financial and Operating Results **May 28, 2020**

Calgary, Alberta - Altura Energy Inc. ("Altura" or the "Corporation") (TSXV: ATU) announces its financial and operating results for the three months ended March 31, 2020. 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, 2020 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, 2020	December 31, 2019	March 31, 2019
OPERATING			
Average daily production			
Heavy oil (bbls/d)	**667**	881	1,404
Light & medium oil (bbls/d)	**8**	-	68
Natural gas (Mcf/d)	**2,926**	3,406	2,510
NGLs (bbls/d)	**87**	113	47
Total (boe/d)	**1,250**	1,561	1,939
Total boe/d per million shares – diluted	**11.5**	14.3	17.6
Average realized prices			
Heavy oil ($/bbl)	**33.06**	54.40	51.62
Light & medium oil ($/bbl)	**20.85**	-	48.97
Natural gas ($/Mcf)	**2.20**	2.70	2.06
NGLs ($/bbl)	**22.02**	26.64	37.16
Total ($/boe)	**24.46**	38.50	42.71
($/boe)			
Petroleum and natural gas sales	**24.46**	38.50	42.71
Realized gain (loss) on financial instruments	**5.53**	0.53	-
Royalties	**(1.96)**	(4.43)	(3.98)
Operating	**(12.19)**	(8.63)	(8.18)
Transportation	**(2.49)**	(2.45)	(3.70)
Operating netback[1]	**13.35**	23.52	26.85
General and administrative	**(3.50)**	(2.52)	(2.64)
Exploration expense	**-**	-	(0.12)
Interest and financing expense (cash)	**(0.17)**	(0.37)	(0.29)
Adjusted funds flow per boe[1]	**9.68**	20.63	23.80
FINANCIAL ($000, except per share amounts)			
Petroleum and natural gas sales	**2,783**	5,531	7,453
Cash flow from operating activities	**1,183**	3,955	2,290
Per share – diluted	**0.01**	0.04	0.02
Adjusted funds flow[1]	**1,102**	2,963	4,153
Per share – diluted[1]	**0.01**	0.03	0.04
Net income (loss)	**(31,529)**	(56)	929
Per share – basic	**(0.29)**	-	0.01
Per share – diluted[2]	**(0.29)**	-	0.01
Capital expenditures	**7,082**	1,528	1,453
Property acquisitions (dispositions), net	**-**	(3,508)	-
Total capital expenditures, net	**7,082**	(1,980)	1,453
Net debt[1]	**6,183**	563	2,105
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]	**108,936**	109,097	110,430

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 2020 REVIEW

The crude oil demand destruction caused by the COVID-19 global pandemic and the actions of OPEC and Russia abandoning production quotas resulted in an unprecedented decline in crude oil prices in the first quarter of 2020. The decline in oil prices has negatively impacted Altura's first quarter results and financial position at March 31, 2020. The Corporation's crude oil hedging contracts of 300 barrels per day, however, have mitigated Altura's exposure to the severe price decline and help protect its balance sheet in the current volatile commodity price environment.

In the first quarter, prior to the COVID-19 pandemic, Altura invested $7.1 million to further develop its core Leduc-Woodbend property and advance its exploration play at Entice. At Leduc-Woodbend, Altura completed a horizontal oil well (0.9 net) that was drilled in the third quarter of 2019. The well was equipped for production and brought on stream in February 2020. Additionally, Altura drilled a horizontal oil well (0.9 net) in January 2020 at Leduc-Woodbend. At Entice, Altura's capital expenditures included land acquisition costs and drilling, completing, and equipping a horizontal well (0.9 net) targeting the Pekisko Formation.

In March 2020, Altura halted all discretionary capital expenditures due to the impact of the COVID-19 pandemic on the global economy and left one Leduc-Woodbend well (0.9 net) drilled but uncompleted on an existing pad which can be completed and brought on production at any time.

Production volumes averaged 1,250 boe per day in the first quarter, a 20% decrease from the fourth quarter of 2019. Production in the quarter was impacted by natural declines, well down time from repairs and maintenance, the 7.0% working interest disposition that closed on December 4, 2019 and Altura's voluntary production curtailment during the month of March.

Altura's Entice well was equipped with artificial lift and temporary facilities on March 5, 2020 and produced 771 gross (717 net) barrels of sweet 25°API oil, 6.5 MMcf of natural gas, which was flared, and 4,500 barrels of water before it was shut-in on March 18, 2020. Approximately 73% of the total water volume used in the completion has been recovered to date. The well was shut-in due to the severe decline in oil prices and management plans to continue the production test once oil prices improve.

Altura's realized heavy oil price decreased 39% to $33.06 per barrel in the first quarter compared to $54.40 per barrel in the fourth quarter of 2019. The realized heavy oil price decreased from $48.64 per barrel in January 2020 to $14.00 per barrel in March 2020 due to the COVID-19 pandemic and the abandonment of production quotas by OPEC and Russia.

The Corporation realized a gain on financial instruments of $629,000 ($5.53 per boe) which reflected cash settlements received on a Western Canadian Select ("WCS") contract of 300 barrels per day at CAD $57.00 per barrel in the quarter.

Operating expenses in the first quarter were $12.19 per boe, compared to $8.63 per boe in the fourth quarter of 2019. The increase was due to lower production volumes, increased repairs and maintenance and increased power costs. Transportation expenses were $2.49 per boe, consistent with $2.45 per boe in the fourth quarter of 2019.

The Corporation's operating netback[1] averaged $13.35 per boe, down 43% from the fourth quarter of 2019 due mainly to lower crude oil prices and higher per unit operating expenses, partially offset by the gain on financial instruments and lower royalty expenses.

Adjusted funds flow[1] was $1.1 million in the first quarter of 2020, down 63% from the fourth quarter of 2019 primarily due to lower production volumes, lower crude oil prices and higher per unit operating expenses.

Altura recorded a net loss of $31.5 million in the first quarter. Independent reserve evaluators materially decreased their forward oil price forecasts which resulted in a non-cash impairment charge of $34.7 million as the carrying value of Altura's oil and gas properties exceeded their current estimated recoverable amounts. Management believes the reserve evaluators' forward oil price forecasts will increase over time which may result in impairment reversals in the future.

Altura's net debt[1] was $6.2 million at March 31, 2020, resulting in a ratio of net debt to annualized first quarter adjusted funds flow[1] of 1.40. In April 2020, Altura's credit facility was amended on an interim basis to $7.5 million from $9.0 million due to the unprecedented decline and volatility in crude oil prices. Due to the ongoing economic volatility from the COVID-19 pandemic, Altura and its lender have agreed to extend the credit facility renewal from May 31, 2020 to June 30, 2020.

[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 had the following crude oil contracts at March 31, 2020 for 300 barrels of oil per day hedged to December 31, 2020:

Period	Commodity	Type of Contract	Quantity	Pricing Point	Contract Price
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)

Subsequent to March 31, 2020, Altura unwound the May 2020 fixed price contracts for West Texas Intermediate ("WTI") and the WCS-WTI Differential realizing a gain of $356,000. Altura's hedging gains for 2020 are forecasted at $2.1 million based on settlements to April 30, 2020 and strip pricing at May 27, 2020, providing the Corporation with positive forecasted adjusted funds flow.

OUTLOOK

Altura eliminated all discretionary capital spending for the remainder of the year and voluntarily curtailed production volumes in April 2020 to its hedged oil production of 300 barrels per day, which was approximately 550 boe per day including NGLs and natural gas. As crude oil prices continued to rapidly decline in April, Altura made the decision to unwind its May 2020 hedging contracts, realizing a gain of $356,000, and shut in all corporate production for the month of May 2020.

Since shutting in production at the beginning of May, there has been some optimism in respect to the global crude oil supply/demand balance and oil prices have improved significantly. Given this improvement in prices, Altura is planning to restart production and sell crude oil into the spot market beginning in June.

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

In May 2020, Altura began receiving funds from the Government of Canada related to the Canadian Emergency Wage Subsidy program, which has been extended to August 29, 2020. Additionally, Altura has submitted applications for 15 wells under the Government of Alberta's Site Rehabilitation Program.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

Altura's Board of Directors has established an ESG Committee to assist the Board in carrying out its responsibilities by having responsible persons ensure that Altura's activities are conducted in an environmentally responsible manner and that the Corporation maintains the integrity of its social and governance policies. Altura has posted its ESG Committee Mandate, Corporate Social Responsibility Policy and 2019 Sustainability Report on its website at www.alturaenergy.ca.

ANNUAL GENERAL MEETING

The Annual General Meeting ("AGM") of shareholders will be held at the Corporation's offices at 2500, 605 - 5th Avenue S.W., Calgary, Alberta, on Thursday, June 4, 2020 at 10:30 am (Mountain Time). In view of the COVID-19 pandemic and the restrictions on mass gatherings implemented by the Government of Alberta, the Corporation strongly encourages shareholders to consider voting their shares via proxy rather than attending the AGM in person, particularly if they are experiencing any of the described COVID-19 symptoms. Subject to the Corporation's by-laws, access to the AGM will be limited to essential personnel and registered shareholders and proxyholders entitled to attend and vote at the AGM. No external guests will be allowed to attend the AGM.

A link to a live audio webcast of the AGM will be available on the Corporation's website at www.alturaenergy.ca. Following the formal business of the AGM, the Corporation is planning a brief presentation by management. A recording of the webcast will be available on Altura's website following the AGM.

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

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:

- uncertainty about the COVID-19 pandemic and the impact it will have on Altura's operations, the demand for Altura's products, and economic activity in general;
- plans to continue the Entice production test when oil prices improve;
- management's belief that the reserve evaluators' forward oil price forecasts will increase over time which could result in impairment reversals in the future;
- the credit facility renewal date of June 30, 2020;
- forecasted hedging gains in 2020;
- plans to restart production and sell oil into the sport market in June;
- plans to close the second transaction of the December 4, 2019 definitive agreement 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
- Altura's AGM date of June 4, 2020 and plans to host a live webcast of the event.

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 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:

- the COVID-19 pandemic and related disruptions in oil and gas markets, including the duration and impacts thereof;

- changes in commodity prices including, without limitation, as a result of COVID-19 pandemic;
- changes in commodity prices including, without limitation, as a result of the COVID-19 pandemic and related disruptions in oil and gas markets;
- unanticipated operating results or production declines;
- public health crises, such as the recent outbreak of 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.

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