



**Altura Energy Inc. Announces Third Quarter 2016 Financial Results and 2017 Capital Budget, Grows Production per Share 77 Percent from the Second Quarter of 2016**

**November 10, 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 and nine months ended September 30, 2016 and 2017 capital budget. The associated management's discussion and analysis ("MD&A") and unaudited interim condensed consolidated financial statements as at September 30, 2016 and for the three and nine months ended September 30, 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			Nine months ended	
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
<b>OPERATING</b>					
Average daily production					
Crude oil (bbls/d)	490	271	275	368	304
Natural gas (mcf/d)	473	289	267	371	257
NGLs (bbls/d)	6	4	8	6	5
Total (boe/d)	574	323	328	435	352
Total boe/d per million shares – basic and diluted	5.3	3.0	4.0	4.0	6.9
Average realized prices					
Crude oil (\$/bbl)	45.73	44.21	45.48	39.91	48.76
Natural gas (\$/mcf)	2.53	1.53	3.05	2.09	2.96
NGLs (\$/bbl)	33.53	52.30	17.16	34.48	36.90
Total (\$/boe)	41.41	39.08	41.12	35.95	44.80
<b>NETBACK AND COST (\$/boe)</b>					
Petroleum and natural gas sales	41.41	39.08	41.12	35.95	44.80
Royalties	(3.13)	(2.06)	(1.93)	(2.31)	(2.01)
Operating	(7.53)	(11.45)	(12.72)	(9.16)	(11.47)
Transportation	(2.73)	(2.88)	(2.47)	(2.79)	(2.73)
Operating netback <sup>(1)</sup>	28.02	22.69	24.00	21.69	28.59
General and administrative	(5.49)	(17.65)	(17.40)	(9.78)	(10.53)
Exploration expense	(0.70)	(1.01)	-	(0.56)	-
Interest and financing expense	(0.08)	(0.70)	(0.43)	(0.26)	(0.25)
Interest income	0.78	1.79	0.75	1.16	0.24
Corporate netback <sup>(1)</sup>	22.53	5.12	6.92	12.25	18.05
<b>FINANCIAL</b> (\$000, except per share amounts)					
Petroleum and natural gas sales	2,189	1,149	1,239	4,284	4,308
Funds from operations <sup>(1)</sup>	1,193	149	209	1,459	1,737
Per share – basic and diluted <sup>(1)</sup>	0.01	-	-	0.01	0.03
Cash flow from (used in) operating activities	763	28	(451)	654	942
Per share – basic and diluted	0.01	-	(0.01)	0.01	0.02
Loss	(68)	(692)	(3,956)	(1,513)	(3,392)
Per share – basic and diluted	-	(0.01)	(0.05)	(0.01)	(0.07)
Capital expenditures and acquisitions	8,049	2,294	160	10,547	1,517
Working capital surplus (deficit)	13,209	20,011	23,151	13,209	23,151
Common shares outstanding (000) <sup>(2)</sup>					
End of period – basic	108,921	108,921	107,901	108,921	107,901
Weighted average for the period – basic	108,921	108,921	82,301	108,921	51,060
Weighted average for the period – diluted	108,921	108,921	82,301	108,921	51,060

(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.

### THIRD QUARTER 2016 HIGHLIGHTS

- Closed a \$4.1 million property acquisition in the Killam area of Alberta on September 14, 2016 ("Killam Acquisition"). Altura acquired 125 boe/d (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 77 percent from the second quarter of 2016 and 33 percent from the third quarter of 2015. This increase is due to two Sparky horizontal wells drilled in the Eyehill area (formerly known as Klein North) brought on-stream in July along with 17 days of production associated with the Killam acquisition.
- Operating and transportation costs were \$10.25 per boe, 28 percent lower than the second quarter of 2016 and 33 percent lower than the third quarter of 2015 as a result of increased production volumes with minimal additional fixed costs and decreased workover expenses.
- Operating netback of \$28.02 per boe, increased 23 percent from the second quarter of 2016 and 17 percent from the third quarter of 2015 predominantly due to lower operating costs and increased average sales prices.
- Funds from operations were \$1.2 million, up 700 percent from the second quarter of 2016 and up 470 percent from the third quarter of 2015 due primarily to increased production volumes, commodity price changes, lower operating and transportation costs and lower G&A costs.
- Capital expenditures, excluding property acquisitions and dispositions, totaled \$4.1 million. This included: \$2.6 million on drilling, completing, equipping and facilities; \$1.3 million on land, geological and geophysical costs and \$0.2 million on work-overs and capitalized G&A.
- Exited the quarter with a Liability Management Rating ("LMR") of 5.6 with the Alberta Energy Regulator.
- Ended the quarter with a \$13.2 million working capital surplus and no debt.

### OPERATIONAL REVIEW

On September 14, 2016, Altura closed the Killam Acquisition for \$4.1 million. The acquisition is consistent with Altura's returns driven strategy focused on acquiring under developed assets targeting the shallow, low cost, multi-zone, oil weighted sections of the Upper Mannville Group. The Assets include 125 boe/d (55% oil and liquids) of 28° API oil production from the Rex Formation, 7.3 net sections of land concentrated in the Killam area of Alberta, and facility infrastructure including a natural gas pipeline connecting the facilities to a third party gas plant. The Asset is 100 percent operated by Altura and has a low base production decline estimated at 10 percent per year and Management has identified 12 horizontal drilling locations based on current approved well spacing. In addition to the drilling inventory, Altura has the potential to improve oil recovery by expanding the pilot waterflood throughout other prospective areas in the field.

Altura achieved third quarter production of 574 boe per day, up 251 boe per day (77 percent) from the second quarter of 2016 as a result of incremental production from drilling two Sparky horizontal oil wells in the Eyehill area, continued strong performance from the base production in Eyehill and 24 boe per day from the Killam Acquisition.

In the Eyehill area, Altura completed equipping and tie-in operations on two (2.0 net) Sparky horizontal wells which were drilled in the second quarter of 2016. Altura continues to improve on its Sparky well costs, reducing the all-in costs by 18% to \$900,000 from the well drilled in November 2015, while continuing to exceed the production type curve expectations with initial production rates of 124 boe per day per well over the first 90 calendar days of production.

During the third quarter of 2016, Altura invested \$4.1 million on capital expenditures, excluding property acquisitions and dispositions, including: \$2.6 million on drilling, completing, equipping and facilities; \$1.3 million on land, geological and geophysical costs; and \$0.2 million on work-overs and capitalized G&A.

Altura's third quarter operating and transportation costs of \$10.25 per boe were 28 percent lower than the second quarter of 2016. This is primarily a result of increased production volumes from the two new Eyehill Sparky wells and tying in the wells into an existing multi-well battery with minimal increased fixed costs. Additionally, the Corporation had lower workover expenses than the second quarter of 2016.

Subsequent to September 30, 2016, Altura completed drilling its third well in the Eyehill area in 2016 and two gross (1.4 net) wells in the Wildmere area.

## **2017 CAPITAL BUDGET**

The board of directors of the Corporation has approved a capital development budget of \$17 million for 2017, funded with cash flow from operating activities and working capital. The budget includes 11 gross (10.2 net) horizontal wells targeting the Upper Mannville Group for total drilling, completion, equipping and tie-in capital of \$12.4 million. In addition, up to \$2.0 million will be allocated to acquiring undeveloped land and seismic, \$2.1 million will be allocated to infrastructure investments related to the initiation of a waterflood in the Eyehill area and \$0.5 million will be allocated to abandonment, reclamation and other corporate costs.

Based on the \$12.4 million of well related capital, the proposed 11 well drilling program is forecasted to add approximately 750 boe per day by December 2017 which delivers a risked capital efficiency of approximately \$16,500/boe per day. The incremental production will offset forecast base declines and grow overall production to exit 2017 at a rate of approximately 1,350 boe per day, 50 percent higher than the forecasted 2016 exit rate (see Outlook section below).

Management intends to continuously monitor commodity prices and control capital expenditures as necessary throughout the year and may at any time adjust the 2017 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.

## **OUTLOOK**

Altura has drilled six (5.4 net) wells to date and one (1.0 net) well is scheduled to be drilled in late November to complete the 2016 development program of seven gross (6.4 net) wells. Combined with production from the Killam Acquisition, the program is forecasted to grow overall production to exit 2016 at 900 boe per day, doubling production from the December 2015 exit rate of 451 boe per day. Altura's field production estimate for the month of October is 750 boe per day.

Altura 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 cash position of \$13.2 million and no debt at the end of the third quarter 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.

## **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 program, 2016 exit production rate, 2017 capital expenditure budget, including details of expected drilling and completion plans relating to such budget, 2017 exit production rate, the ability to grow corporate production per share, establishing the Corporation in organic plays 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 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.

### **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. 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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