



## ALTURA ENERGY INC. ANNOUNCES THIRD QUARTER 2015 FINANCIAL RESULTS, OPERATIONS UPDATE AND 2016 CAPITAL BUDGET

November 23, 2015

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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, 2015. The associated management's discussion and analysis ("MD&A") and unaudited interim condensed financial statements as at and for the three and nine months ended September 30, 2015 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 September 30,			Nine months ended September 30,		
	2015	2014	% Change	2015	2014	% Change
<b>OPERATING</b>						
Average daily production						
Crude oil (bbls/d)	275	173	59	304	133	129
Natural gas (mcf/d)	267	130	105	257	223	15
NGLs (bbls/d)	8	3	167	5	4	25
Total (boe/d)	328	197	66	352	174	102
Average realized prices						
Crude oil (\$/bbl)	45.48	83.97	(46)	48.76	84.60	(42)
Natural gas (\$/mcf)	3.05	4.26	(28)	2.96	5.16	(43)
NGLs (\$/bbl)	17.16	71.54	(76)	36.90	76.56	(52)
Total (\$/boe)	41.12	77.39	(47)	44.80	72.95	(39)
<b>NETBACK AND COST (\$/boe)</b>						
Petroleum and natural gas sales	41.12	77.39	(47)	44.80	72.95	(39)
Royalties	(1.93)	(7.50)	(74)	(2.01)	(6.63)	(70)
Operating and transportation	(15.19)	(17.06)	(11)	(14.20)	(17.49)	(19)
Operating netback <sup>(1)</sup>	24.00	52.83	(55)	28.59	48.83	(41)
General and administrative <sup>(2)</sup>	(17.40)	(9.05)	92	(10.53)	(9.24)	14
Interest and financing expense	(0.43)	(0.21)	105	(0.25)	(0.08)	213
Interest income	0.75	0.33	127	0.24	0.40	(40)
Corporate netback <sup>(1)</sup>	6.92	43.90	(84)	18.05	39.91	(55)
<b>FINANCIAL (\$)</b>						
Petroleum and natural gas sales	1,239,119	1,399,614	(11)	4,307,854	3,472,028	24
Funds from operations <sup>(1)</sup>	208,567	794,071	(74)	1,736,926	1,899,928	(9)
Per share – basic and diluted <sup>(1)</sup>	-	0.02	(100)	0.03	0.06	(50)
Cash flow (used in) / from operating activities	(450,771)	(119,579)	277	942,585	910,666	4
Per share – basic and diluted	(0.01)	-	-	0.02	0.03	(33)
Net income (loss)	(3,955,280)	677,000	(>500)	(3,391,823)	2,474,668	(237)
Per share – basic and diluted	(0.05)	0.02	(350)	(0.07)	0.07	(200)
Capital expenditures, net of divestitures	160,414	3,263,539	(95)	1,516,868	5,111,745	(70)
(Net debt) / working capital surplus <sup>(1)</sup>	23,151,447	(2,294,368)	(>500)	23,151,447	(2,294,368)	(>500)
Common shares outstanding <sup>(3)</sup>						
End of period – basic	107,900,878	34,327,599	214	107,900,878	34,327,599	214
Weighted average for the period – basic and diluted	82,300,974	34,327,599	140	51,060,126	34,327,599	49

(1) Funds from operations, funds from operations per share, corporate netback, operating netback, and net debt 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) G&A for the third quarter of 2015 includes transitional related expenses associated with legal expenses pertaining to the annual information form, share consolidation and name change, and consulting fees related to the management transition, all totaling \$2.87 per boe. It also includes a bad debts expense totaling \$1.31 per boe. See the General and Administrative section of the MD&A.

(3) 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.

## 2015 THIRD QUARTER HIGHLIGHTS

- Closed the reorganization and investment agreement (the "**Reorganization**"), which provided for a non-brokered private placement raising \$25.0 million, including a rights offering, and the appointment of a new management team and board of directors.
- Received approval at a special meeting called for such purposes for a change of the Corporation's name to "Altura Energy Inc." and a consolidation of the common shares.
- Ended the third quarter with \$23,151,447 of working capital and no debt.
- Sales production for the third quarter averaged 328 boe per day, consistent with the 327 boe per day produced in the second quarter of 2015, and 66 percent higher than the third quarter of 2014.
- Third quarter operating and transportation costs were \$15.19 per boe. This represents an 11 percent reduction over the prior year and a five percent reduction over second quarter 2015 costs.
- Operating netback of \$24.00 per boe in the third quarter, which decreased 55 percent from \$52.83 per boe in the third quarter of 2014 as a result of the 47 percent decline in the average realized sales price.

## OPERATIONAL REVIEW

Altura's asset base is located approximately 20 km south of the town of Provost, in east central Alberta. The Corporation produces 25° API sweet oil and natural gas from horizontal wells drilled in the Sparky Formation at depths between 650 and 850 meters true vertical depth.

### Klein North

Third quarter production from Klein North averaged 230 boe per day (88 percent oil plus liquids), a year-over-year increase of 150 percent. The Klein North area consists of four horizontal wells (4.0 net) and one directional well (1.0 net).

Activity in the third quarter of 2015 included a routine workover on a directional well to replace a corroded joint of tubing. Subsequent to September 30, 2015, Altura drilled and completed a horizontal well at 103/03-11-037-03W4, in the Sparky Formation of the Upper Mannville, which has fulfilled the Corporation's December 2014 flow-through share issuance commitment. The 100 percent working interest well was drilled to a vertical depth of 778 meters with a horizontal lateral length of 1,329 meters for a total of 2,288 meters measured depth drilled. The well was completed with a 24-stage, gelled water fracture stimulation with 230.7 tonnes of proppant sand placed in the formation. The well was put on pump and brought on production on November 8, 2015, and started producing oil on November 12, 2015 after a 4-day cleanup period. Production rates from the well over the last six days of production have averaged 176 barrels per day of 26° API oil with 35 mcf per day of natural gas, or 181 boe per day with an associated water cut of 36 percent. This rate exceeds Altura's type curve initial production rate for wells in the Klein North pool of 120 boe per day. The total drilling, completion and equipping costs were on budget at approximately \$1.1 million.

Any references in this document 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. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Corporation.

### Klein South

Third quarter production from Klein South was 40 boe per day (100 percent oil), a year-over-year decrease of 2 percent. The Klein South area consists of four horizontal wells (2.2 net) and one vertical well (1.0 net). Existing well production is currently optimized and there were no operations undertaken in the area for the third quarter of 2015.

### Provost Minors

Production in the third quarter was 58 boe per day (70 percent oil plus liquids), a year-over-year decrease of 9 percent. This property consists of seven operated wells (7.0 net) and two non-operated wells (0.5 net). Existing well production is currently optimized and there were no operations undertaken in the area for the third quarter of 2015.

## **2016 CAPITAL BUDGET**

The board of directors of the Corporation has approved a capital development budget ranging between \$5.0 and \$11.0 million for 2016, funded with cash flow from operating activities and working capital. The budget includes up to seven gross (6.4 net) horizontal wells targeting the Upper Mannville. Management intends to continuously monitor commodity prices and control capital expenditures throughout the year to allow maximum operational flexibility while maintaining strong project returns and a conservative balance sheet.

## **ANDYLAN INVESTORS LIMITED PARTNERSHIP 2012**

AndyLAN Investors Limited Partnership 2012 (the "**AndyLAN LP**") owns 14,814,814 common shares of the Corporation pursuant to its participation in Altura's recent private placement related to the Reorganization. As outlined in Altura's July 7, 2015 press release, it is the AndyLAN LP's intention to distribute its Altura common shares pro rata to its limited partner investors in conjunction with the orderly wind-up of the AndyLAN LP. The AndyLAN LP expects to execute such distribution and wind-up on December 9, 2015, or such later date that it chooses in its discretion.

## **OUTLOOK**

The Corporation's new management team is led by David Burghardt as President and CEO, with Tavis Carlson as Vice President, Finance and CFO, Travis Stephenson as Vice President, Engineering, Robert Pinckston as Vice President, Exploration, Maureen Keough as Vice President, Land, and Jeff Mazurak as Vice President, Operations. The team has a proven track record of generating shareholder value in profitably growing junior and intermediate oil and gas companies through an integrated strategy of acquisition, exploitation and exploration.

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. Building upon the third quarter production base of 328 boe per day, the technical team has identified a multi-year drilling inventory with breakeven WTI prices ranging from approximately US\$37.00 to \$46.00 per barrel, depending upon the area ("breakeven" defined as recovering costs plus a 10 percent rate of return).

In November 2015 the Corporation entered into a Lease Issuance and Drilling Commitment Agreement in pursuit of an organic growth concept in an area where the application of horizontal drilling and multi-stage fracturing has not been fully exploited. Pursuant to the agreement, Altura acquired freehold petroleum leases in nine sections of land in Alberta and has committed to drill one horizontal commitment well by October 31, 2016. It is the intention of the Corporation to expand this land position through targeted acquisition and consolidation, depending on drilling results.

Looking ahead to 2016, with cash and cash equivalents of approximately \$23.2 million and no debt at the end of the third quarter of 2015, the Corporation is well-positioned to:

- Capitalize on strategic acquisition opportunities in the current "buyers' market" for energy assets;
- Grow corporate production by drilling select horizontal wells from the drilling inventory and not expose the Corporation to capital investment risk that could jeopardize its future growth; and
- Establish the Corporation in an organic play concept by acquiring strategic parcels of land during a period when land prices are at a 20-year low.

On behalf of our management team and board of directors, we would like to thank you for your support of Altura and look forward to reporting continuing positive results.

## **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.

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## **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", "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, financing sources for future capital, number of drilling locations, profitability of future drilling locations, break-even oil prices, potential acquisition opportunities, estimates of normal course obligations, the amount of future decommissioning costs, and future liquidity and financial capacity.

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", "operating netback", and "net debt". 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 net 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. Adjusted working capital surplus (deficit) includes current assets less current liabilities excluding the credit facility. Altura uses net debt as a measure to assess its financial position. Net debt includes outstanding bank indebtedness plus adjusted working capital surplus (deficit).

### **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 document 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.

**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.**