Altura Energy Inc. Announces Third Quarter 2018 Results, Material Operating Cost Reduction and Record Corporate Production

November 9, 2018

Calgary, Alberta - Altura Energy Inc. ("Altura" or the "Corporation") (TSXV: ATU) is pleased to announce its financial and operating results for the three and nine months ended September 30, 2018. The unaudited interim condensed consolidated financial statements, and related management's discussion and analysis ("MD&A") will be available at www.sedar.com and www.alturaenergy.ca. Selected financial and operating information for the three and nine months ended September 30, 2018 appears below and should be read in conjunction with the related financial statements and MD&A.

OPERATIONAL AND FINANCIAL SUMMARY

	Three months ended			**Nine months ended**	
	September 30, 2018	June 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
OPERATING					
Average daily production					
Heavy oil (Bbls/d)	**805**	478	274	**611**	309
Medium oil (Bbls/d)	**51**	271	624	**242**	605
Natural gas (Mcf/d)	**1,128**	1,309	1,045	**1,257**	1,018
NGLs (Bbls/d)	**23**	23	16	**28**	19
Total (Boe/d)	**1,067**	991	1,088	**1,090**	1,103
Total Boe/d per million shares – diluted	**9.5**	9.0	10.0	**9.9**	10.1
Average realized prices					
Heavy oil ($/Bbl)	**56.59**	58.83	46.50	**53.93**	45.69
Medium oil ($/Bbl)	**66.74**	67.64	47.61	**58.36**	50.41
Natural gas ($/Mcf)	**1.23**	1.32	1.71	**1.58**	2.55
NGLs ($/Bbl)	**51.30**	51.68	49.54	**51.03**	41.37
Total ($/Boe)	**48.29**	49.87	41.38	**46.30**	43.54
($/Boe)					
Petroleum and natural gas sales	**48.29**	49.87	41.38	**46.30**	43.54
Royalties	**(4.57)**	(4.69)	(3.70)	**(4.59)**	(4.11)
Operating	**(7.09)**	(12.26)	(10.01)	**(10.10)**	(10.18)
Transportation	**(2.17)**	(1.70)	(2.65)	**(1.84)**	(2.46)
Operating netback[1]	**34.46**	31.22	25.02	**29.77**	26.79
General and administrative	**(4.25)**	(5.17)	(3.78)	**(4.46)**	(3.62)
Exploration expense	**(0.21)**	-	-	**(0.07)**	-
Interest and financing expense	**(0.03)**	(0.88)	(0.06)	**(0.46)**	(0.14)
Interest income	**0.34**	0.18	-	**0.17**	0.06
Adjusted funds flow per Boe[1]	**30.31**	25.35	21.18	**24.95**	23.09
FINANCIAL ($000, except per share amounts)					
Petroleum and natural gas sales	**4,741**	4,497	4,143	**13,785**	13,108
Adjusted funds flow[1]	**2,977**	2,285	2,119	**7,430**	6,952
Per share – diluted[1]	**0.03**	0.02	0.02	**0.07**	0.06
Net income	**750**	2,750	322	**3,677**	929
Per share – diluted	**0.01**	0.02	-	**0.03**	0.01
Capital expenditures	**16,717**	6,344	6,439	**30,406**	19,219
Property acquisitions/(dispositions), net	**2,637**	(27,712)	-	**(25,075)**	(750)
Net debt (working capital surplus)[1]	**1,887**	(14,761)	2,881	**1,887**	2,881
Common shares outstanding (000)					
End of period – basic	108,921	108,921	108,921	108,921	108,921
Weighted average for the period – basic	108,921	108,921	108,921	108,921	108,921
Weighted average for the period – diluted	112,281	110,546	108,922	110,475	109,019

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.

THIRD QUARTER 2018 HIGHLIGHTS

- Third quarter production volumes averaged 1,067 Boe per day (82 percent oil and liquids), an increase of eight percent from the second quarter of 2018. Leduc-Woodbend production volumes increased 105 percent from the second quarter of 2018.
- Adjusted funds flow[1] was $3.0 million ($30.31 per Boe), up 30 percent from the second quarter of 2018 and up 40 percent from the third quarter of 2017. The improvement from the second quarter of 2018 was largely from lower operating and transportation costs.
- Operating and transportation costs totaled $9.26 per Boe, down 34 percent from the second quarter of 2018 and down 27 percent from the third quarter of 2017. This decrease is largely a result of lower cost production growth into the new multi-well battery at Leduc-Woodbend.
- Operating netback[1] was $34.46 per Boe, up 10 percent from the second quarter of 2018 and up 43 percent from the third quarter of 2017.
- Capital expenditures totaled $16.7 million as Altura drilled and completed six 1.5-mile extended reach horizontal ("ERH") wells and commissioned its multi-well oil battery with a processing capacity of 3,000 to 3,500 barrels of oil per day.
- Net income was $750,000, up 133 percent from the third quarter of 2017.
- Closed an acquisition comprised of 2.6 net sections of highly prospective lands in the Upper Mannville oil pool at Leduc-Woodbend and a 40 percent working interest in a producing oil unit in the Leduc-Woodbend area of Alberta for cash consideration of $2.6 million, net of customary post-closing adjustments.
- Net debt[1] at September 30, 2018 was $1.9 million or 0.2 times annualized third quarter adjusted funds flow.
- Production field estimates for the month of October averaged 2,050 Boe per day, a record for the Corporation, achieving its 2018 exit production guidance two months early.

OPERATIONS REVIEW

Altura had an active third quarter, investing $16.7 million of capital, excluding acquisitions and dispositions, bringing the total invested in the nine months ended September 30, 2018 to $30.4 million. Third quarter capital activity included drilling and completing six ERH oil wells and completing the construction of a new multi-well battery at Leduc-Woodbend.

The eight well summer drilling program was completed on August 23rd, four weeks ahead of schedule, and under budget by approximately $125,000 per well. The Corporation's 2018 capital expenditure guidance is $33 million, before acquisitions and dispositions, which is consistent with guidance provided on October 11, 2018. The capital expenditure program is expected to be funded from cash on hand, cash flow from operating activities and Altura's $3 million credit facility.

Five wells were brought on production throughout July and August, increasing third quarter production volumes to 1,067 Boe per day compared to 521 Boe per day at Leduc-Woodbend in the second quarter. Two additional wells commenced production on October 3rd and the last well of the summer program was completed in early November and is in the clean-up phase. Altura plans to shut the last well in after post-frac clean-up and will commence equipping operations and production in January 2019.

Altura completed the construction of its multi-well oil battery at 12-14-049-26W4 on time and on budget. Since commissioning the battery on July 30th, it has processed total fluid volumes of up to 6,000 barrels per day and has enabled Altura to haul clean oil to additional sales terminals to optimize pricing and reduce operating costs.

Altura realized significant per unit cost reductions in the third quarter with operating and transportation costs decreasing 34 percent to $9.26 per Boe from $13.96 per Boe in the second quarter of 2018. The decreased per unit costs are due to the May 31, 2018 disposition of higher cost properties, coupled with Altura's new multi-well battery and growth of lower-cost production at Leduc-Woodbend.

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Altura is committed to maximizing return on capital through proven operating and capital efficiencies in the development of its focused, large-scale resource in the Upper Mannville oil pool at Leduc-Woodbend. Since acquiring its initial lands in 2015 at Leduc-Woodbend and deploying the net proceeds of $27.3 million from the disposition of assets in May 2018, the Corporation has:

- accumulated a total of 70 net sections of land within the oil pool;
- drilled, completed, equipped and tied-in a total of 13 horizontal wells, comprised of 11 ERH wells and two 1-mile long horizontal wells;
- commissioned a multi-well oil battery at 12-14-049-26W4 with a processing capacity of approximately 3,000 to 3,500 barrels of oil per day;
- increased Leduc-Woodbend production from nil to 2,050 Boe per day in October 2018;
- delineated a multi-well inventory to support future growth of the Corporation; and
- maintained a prudent debt level to protect the balance sheet of the Corporation.

OUTLOOK

The global energy industry has benefitted from increasing oil prices throughout 2018, however, in the second half of 2018 Canadian light, medium and, specifically, heavy oil prices have been negatively impacted. The lack of pipeline access to international oil markets, the temporary seasonal maintenance of oil refineries in the United States, the slowly growing crude-by-rail option to transport crude to the United States, full Canadian oil storage and the growth of Canadian oil production have contributed to a rapid and severe reduction in prices for Canadian light, medium and heavy crude oil. The Corporation believes this is temporary and expects Canadian oil differentials to improve over the coming months through the combination of US refineries coming back on line, the temporary reduction of Canadian heavy oil supply in the face of weak pricing, continued growth in crude-by-rail export volumes and the startup of the Enbridge Line 3 Replacement pipeline project scheduled for the fourth quarter of 2019.

The Corporation's strategy is to proactively optimize the price received for its crude oil production and to protect itself from volatile pricing by selling production volumes into various light-sweet, light-sour and heavy streams, in addition to selling crude-by-rail. The Corporation will continue to evaluate all options to maximize economic value for its shareholders and will make strategic decisions to curtail production and defer capital spending as required to manage the current Canadian crude oil pricing challenges.

Guidance for 2018 has been updated and is included in the MD&A. Exit production in 2018 is now expected to range between 1,000–2,000 Boe per day (previously 2,000 Boe per day) as a result of apportionments and the steep decline in the WCS price over the last two months.

2019 planning is focused on growing per share production and cash flow from Leduc-Woodbend. The Corporation will manage 2019 investment levels, as required, to protect balance sheet strength. Altura plans to provide guidance on its 2019 capital program in early 2019.

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:

- Altura's business plans and strategy including its equipping and on-production plans;
- plan to provide guidance on its 2019 capital program in early 2019; and
- forecasted 2018 capital spending.

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.

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