2016
THIRD QUARTER REPORT

altura ENERGY INC.

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
OPERATING					
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
NETBACK AND COST ($/boe)					
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[(1)]	**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[(1)]	**22.53**	5.12	6.92	**12.25**	18.05
FINANCIAL ($000, except per share amounts)					
Petroleum and natural gas sales	**2,189**	1,149	1,239	**4,284**	4,308
Funds from operations[(1)]	**1,193**	149	209	**1,459**	1,737
Per share – basic and diluted[(1)]	**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, acquisitions and dispositions	**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)[(2)]					
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.

PRESIDENT'S MESSAGE

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.

Respectfully,

(signed)

David Burghardt
President and Chief Executive Officer

November 9, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of financial condition and results of operations for Altura Energy Inc. (the "Corporation" or "Altura") is dated November 9, 2016 and should be read in conjunction with the Corporation's unaudited interim condensed consolidated financial statements and related notes for the three and nine months ended September 30, 2016, the audited consolidated financial statements and related notes for the year ended December 31, 2015, as well as the Corporation's Annual Information Form that is filed on SEDAR at www.sedar.com. These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically International Accounting Standard ("IAS") 34, Interim Financial Reporting, in Canadian dollars, except where indicated otherwise.

This MD&A contains non-generally accepted accounting principles ("GAAP") measures and forward-looking statements. Readers are cautioned that the MD&A should be read in conjunction with Altura's disclosure under the headings "Non-GAAP Measures" and "Forward-looking Information" included in the "Advisories" section at the end of this MD&A.

DESCRIPTION OF BUSINESS

Altura is a junior oil and gas exploration, development and production company with focused operations in east central Alberta. Additional information regarding Altura is available on SEDAR and on its website at www.alturaenergy.ca. Altura's common shares are listed for trading on the TSX Venture Exchange under the symbol "ATU".

RESULTS OF OPERATIONS

Production

	Three months ended September 30			**Nine months ended September 30**		
	2016	2015	% Change	**2016**	2015	% Change
Crude oil (bbls/d)	**490**	275	78	**368**	304	21
Natural gas (mcf/d)	**473**	267	77	**371**	257	44
Natural gas liquids (bbls/d)	**6**	8	(25)	**6**	5	20
Total (boe/d)	**574**	328	75	**435**	352	24
Oil and natural gas liquids % of production	**86%**	86%	-	**86%**	88%	(2)

Production volumes averaged 574 boe per day in the third quarter of 2016, compared to 328 boe per day in the third quarter of 2015. On a year-to-date basis production volumes were 435 boe per day compared to 352 boe per day in 2015. The increased production in the three and nine month reporting periods is largely due to incremental production added from new Sparky horizontal oil wells drilled in the Corporation's Eyehill area. Additionally, Altura closed an asset acquisition on September 14, 2016 in the Killam area of Alberta that added 24 boe per day in the third quarter of 2016.

Revenue

	Three months ended September 30			**Nine months ended September 30**		
($000)	**2016**	2015	% Change	**2016**	2015	% Change
Crude oil	**2,060**	1,152	79	**4,019**	4,046	(1)
Natural gas	**110**	75	47	**212**	208	2
Natural gas liquids	**19**	12	58	**53**	54	(2)
Petroleum and natural gas sales	**2,189**	1,239	77	**4,284**	4,308	(1)

Petroleum and natural gas sales for the third quarter of 2016 increased 77 percent to $2.2 million compared to $1.2 million in the third quarter of 2015. The increase of $950,000 consists of $952,000 attributed to increased production volumes, partially offset by $2,000 attributed to lower realized prices. Year-to-date, petroleum and natural gas sales decreased one percent compared to the same period of 2015. The decrease of $24,000 consists of $983,000 attributed to lower realized prices, mostly offset by $959,000 attributed to increased production volumes.

Altura sells all of its crude oil and natural gas production on a spot basis. The average realized price the Corporation receives for its crude oil and natural gas production depends on a number of factors, including the average benchmark prices for crude oil and natural gas, the US to Canadian dollar exchange rate and transportation and product quality differentials.

The average benchmark prices for crude oil are impacted by global and regional events that dictate the level of supply and demand for these commodities. The principal benchmark trading exchanges that Altura compares its oil price to are the West Texas Intermediate ("WTI") oil spot price and the Western Canadian Select ("WCS") spot price. The differential between the WTI spot price and WCS spot price can widen due to a number of factors, including, but not limited to, downtime in North American refineries, rising domestic production, high inventory levels in North America and lack of pipeline infrastructure connecting key consuming oil markets.

The following table outlines the Corporation's benchmark and realized petroleum and natural gas prices:

	Three months ended September 30			Nine months ended September 30		
($)	**2016**	2015	% Change	**2016**	2015	% Change
Average Benchmark Prices						
WTI crude oil (US$/bbl)(1)	**44.94**	46.43	(3)	**41.33**	51.00	(19)
WCS differential (US$/bbl)(2)	**(13.11)**	(13.38)	(2)	**(13.87)**	(13.32)	4
US$/Cdn$ exchange rate	**0.776**	0.764	2	**0.757**	0.794	(5)
WCS (Cdn$/bbl)	**41.00**	43.26	(5)	**36.30**	47.48	(24)
AECO daily spot ($/mmbtu)(3)	**2.32**	2.90	(20)	**1.85**	2.77	(33)
Average Realized Prices						
WCS (Cdn$/bbl)	**41.00**	43.26	(5)	**36.30**	47.48	(24)
Altura realized differential ($/bbl)	**4.73**	2.22	113	**3.61**	1.28	182
Crude oil ($/bbl)	**45.73**	45.48	1	**39.91**	48.76	(18)
Natural gas ($/mcf)	**2.53**	3.05	(17)	**2.09**	2.96	(29)
Natural gas liquids ($/bbl)	**33.53**	17.16	95	**34.48**	36.90	(7)
Average realized price ($/boe)	**41.41**	41.12	1	**35.95**	44.80	(20)

(1) WTI represents posting price of West Texas Intermediate crude oil.
(2) WCS differential represents the difference between the average market price for the benchmark Western Canadian Select heavy crude oil and WTI.
(3) $1.00/mmbtu = $1.00/mcf based on a standard heat value mcf.

For the three and nine months ended September 30, 2016 Altura's realized crude oil price differential, or premium, to WCS increased by 113 percent and 182 percent, respectively, as compared to the comparable prior periods. The positive increase in the differential is due to incremental production added from newly drilled Sparky horizontal oil wells that increased the Corporation's average oil quality, resulting in higher average crude oil prices.

Altura's average realized natural gas prices for the three and nine months ended September 30, 2016 were $2.53 per Mcf and $2.09 per Mcf, respectively. The 17 percent and 29 percent declines from the comparable prior periods are consistent with the decreases in the AECO daily spot price over the same periods.

Royalties

	Three months ended September 30			Nine months ended September 30		
($000, except % and per boe)	**2016**	2015	% Change	**2016**	2015	% Change
Crown royalties	**153**	48	219	**251**	169	49
Freehold and overriding royalties	**12**	10	20	**24**	24	-
Royalty expense	**165**	58	184	**275**	193	42
Royalty expense as a % of sales	**7.6%**	4.7%	62	**6.4%**	4.5%	42
Royalty expense per boe	**3.13**	1.93	62	**2.31**	2.01	15

The Corporation's royalties are either paid or taken in kind and are owed to the provincial government of Alberta and mineral rights owners. The terms of the provincial government royalty regime and mineral rights owner agreements impact the Corporation's overall corporate royalty rate.

In the third quarter of 2016 and the first nine months of 2016, royalties as a percentage of sales increased 62 percent and 42 percent from the comparative prior periods. Crown royalties are based on a sliding scale with sensitivity to price, total volume produced and royalty incentives. The increase in royalties as a percentage of sales is a result of an expiration of the Alberta New Well Royalty Rate incentive on three gross (3.0 net) wells that were drilled in 2014.

In 2016, the provincial government of Alberta announced the key highlights of the Modernized Royalty Framework ("MRF") that will be effective on January 1, 2017. These highlights include the replacement of royalty credits and holidays on conventional wells through a Drilling and Completion Cost Allowance to emulate a revenue minus cost framework, a postpayout royalty rate based on commodity prices, and the reduction of royalty rates for mature wells, with the intent of delivering a neutral internal rate of return for any given play compared to the current royalty framework. No changes will be made to the royalty structure of wells drilled prior to January 2017 for a ten year period from the royalty program's implementation date. Details of the MRF calibration formulas have been released and more specific information can be found on the Alberta government's website.

For Altura, the economics of drilling in its Sparky oil plays, within expected price ranges, are comparable with the previous Alberta Royalty Framework.

Operating and Transportation Costs

	Three months ended September 30			Nine months ended September 30		
($000, except per boe)	**2016**	2015	% Change	**2016**	2015	% Change
Operating	**397**	383	4	**1,092**	1,103	(1)
Transportation	**144**	74	95	**333**	262	27
Operating and transportation	**541**	457	18	**1,425**	1,365	4
Operating per boe	**7.53**	12.72	(41)	**9.16**	11.47	(20)
Transportation per boe	**2.73**	2.47	11	**2.79**	2.73	2
Operating and transportation per boe	**10.25**	15.19	(33)	**11.95**	14.20	(16)

For the three and nine months ended September 30, 2016 operating and transportation costs were $10.25 and $11.95 per boe, respectively. The decreases of 33 percent and 16 percent when compared with the same periods in 2015 were primarily a result of cost benefits of producing incremental production volumes through the Corporation's existing multi-well battery in the Eyehill area.

General and Administrative ("G&A") Expenses

	Three months ended September 30			Nine months ended September 30		
($000, except per boe)	**2016**	2015	% Change	**2016**	2015	% Change
Gross G&A	**371**	542	(32)	**1,369**	1,126	22
Capitalized G&A and overhead recoveries	**(81)**	(18)	350	**(204)**	(114)	79
Net G&A expenses	**290**	524	(45)	**1,165**	1,012	15
Net G&A per boe	**5.49**	17.40	(68)	**9.78**	10.53	(7)

Net G&A expenses totaled $290,000 and $1,165,000 for the three and nine months ended September 30, 2016 respectively. The decrease in G&A expenses in the third quarter of 2016 is a result of no reorganization costs and lower legal costs that were associated with the management transition and share consolidation in the third quarter of 2015. On a year-to-date basis, net G&A expenses include $173,000 ($1.45 per boe) of severance costs associated with the termination of a former officer of the Corporation. Excluding the one-time severance costs, G&A would be $992,000 ($8.33 per boe) for the nine months ended September 30, 2016.

Altura's policy is to capitalize costs that are directly attributable to the construction of property and equipment or exploration and evaluation assets. The increase in capitalized G&A and overhead recoveries in the three and nine months ended September 30, 2016 is a result of increased capital spending compared to the same periods in 2015.

Exploration Expense

	Three months ended September 30			Nine months ended September 30		
($000, except per boe)	**2016**	2015	% Change	**2016**	2015	% Change
Exploration expense	**37**	-	-	**67**	-	-
Exploration expense per boe	**0.70**	-	-	**0.56**	-	-

Exploration expenses are costs incurred prior to acquiring the legal right to explore in an area. Exploration expense in the three and nine months ended September 30, 2016 relate to seismic acquisition and processing costs incurred by the Corporation to evaluate potential Crown land sales.

Interest and Financing Expenses

($000, except per boe)	Three months ended September 30			Nine months ended September 30		
	2016	2015	% Change	**2016**	2015	% Change
Interest and financing expenses	**4**	13	(69)	**31**	24	29
Interest and financing expenses per boe	**0.08**	0.43	(81)	**0.26**	0.25	4

Interest and financing expenses in the three and nine months ended September 30, 2016, relate to standby charges associated with the Corporation's credit facility.

Interest Income

($000, except per boe)	Three months ended September 30			Nine months ended September 30		
	2016	2015	% Change	**2016**	2015	% Change
Interest income	**41**	22	86	**138**	23	500
Interest income per boe	**0.78**	0.75	4	**1.16**	0.24	383

Interest income in the three and nine months ended September 30, 2016, relate to cash invested in a short-term interest bearing account with Altura's lender.

Netbacks

($/boe)	Three months ended September 30			Nine months ended September 30		
	2016	2015	% Change	**2016**	2015	% Change
Petroleum and natural gas sales	**41.41**	41.12	1	**35.95**	44.80	(20)
Royalties	**(3.13)**	(1.93)	62	**(2.31)**	(2.01)	15
Operating	**(7.53)**	(12.72)	(41)	**(9.16)**	(11.47)	(20)
Transportation	**(2.73)**	(2.47)	11	**(2.79)**	(2.73)	2
Operating netback	**28.02**	24.00	17	**21.69**	28.59	(24)
General and administrative	**(5.49)**	(17.40)	(68)	**(9.78)**	(10.53)	(7)
Exploration expense	**(0.70)**	-	-	**(0.56)**	-	-
Interest and financing expenses	**(0.08)**	(0.43)	(81)	**(0.26)**	(0.25)	4
Interest income	**0.78**	0.75	4	**1.16**	0.24	383
Corporate netback	**22.53**	6.92	226	**12.25**	18.05	(32)

Altura's corporate netback was $22.53 per boe in the third quarter of 2016 compared to $6.92 per boe in the same period of 2015. The increase is mainly a result of decreased G&A and lower operating costs, partially offset by increased royalty expenses and exploration expenses. On a year-to-date basis, Altura's corporate netback was $12.25 per boe in 2016 compared to $18.05 per boe in 2015. The decrease is primarily a result of the decline in commodity prices and increased exploration expenses, partially offset by decreased operating costs and G&A and increased interest income.

Share-Based Compensation

($000)	Three months ended September 30			Nine months ended September 30		
	2016	2015	% Change	**2016**	2015	% Change
Share-based compensation	**290**	423	(31)	**824**	528	56
Capitalized share-based compensation	**(44)**	-	-	**(102)**	(43)	137
Share-based compensation expense	**246**	423	(42)	**722**	485	49

Share-based compensation expense totaled $246,000 in the third quarter of 2016, compared to $423,000 in the third quarter of 2015. The decrease is a result of the reorganization in the third quarter of 2015 that included $309,000 of accelerated expense for the cancellation of stock options. On a year-to-date basis, share-based compensation expense was $722,000 compared to $485,000 in 2015. The increase is related to expensing stock options and performance warrants that were previously granted to management and directors.

Transaction Costs

	Three months ended September 30			Nine months ended September 30		
($000)	**2016**	2015	% Change	**2016**	2015	% Change
Transaction costs	**12**	1,073	(99)	**12**	1,073	(99)

Transaction costs incurred in the three and nine month reporting periods of 2016 relate to legal fees and environmental consulting associated with the Killam property acquisition. In the three and nine months ended September 30, 2015, transaction costs included severance, legal costs and advisory fees associated with the July 31, 2015 reorganization.

Depletion, Depreciation and Amortization ("DD&A")

	Three months ended September 30			Nine months ended September 30		
($000, except per boe)	**2016**	2015	% Change	**2016**	2015	% Change
DD&A	**1,010**	671	51	**2,403**	1,408	71
DD&A per boe	**19.12**	22.27	(14)	**20.17**	14.64	38

DD&A expense is a function of the estimated proved and probable reserve additions, the finding and development costs attributable to those reserves, the associated future development capital required to recover those reserves and production in the period. The Corporation determines its DD&A expense on an area basis.

For the third quarter of 2016, DD&A per boe decreased 14 percent compared to the third quarter of 2015 due to incremental production in the Eyehill area, which has lower finding and development costs than the Corporation's other areas. Year-to-date, DD&A expense increased on a per boe basis compared to 2015 due to a reduction in proved and probable reserves and future development capital as disclosed in the Corporation's 2015 Annual Information Form.

Investment

In the nine months ended September 30, 2016, the Corporation sold its investment of common shares in the share capital of a publicly traded company for $358,000 net of transaction costs. The Corporation recorded a gain of $120,000 in the nine months ended September 30, 2016 (September 30, 2015 – $38,000).

Gain on Sale of Assets

In 2016, the Corporation divested minor non-producing properties for aggregate proceeds of $125,000. Altura recorded a gain of $16,000 and $70,000 on the dispositions in the three and nine months ended September 30, 2016.

Deferred Taxes

The Corporation had no deferred income tax expense or recovery in the three and nine months ended September 30, 2016, compared to recoveries of $323,000 and $115,000 for the respective periods in 2015. As at September 30, 2016, the Corporation had an unrecognized deferred tax asset.

Funds from Operations

Management uses funds from operations to analyze operating performance. Funds from operations and funds from operations per share are non-GAAP measures defined by the Corporation as cash flow from operating activities from the statements of cash flows before decommissioning expenditures, if any, transaction costs and changes in non-cash operating working capital. 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 per share is calculated based on the weighted average number of basic and diluted common shares outstanding. Altura's calculation of funds from operations is considered to be a key measure of the ability to generate the cash necessary to fund capital expenditures and repay indebtedness. The following schedule sets out the reconciliation of cash flow from operating activities, as determined in accordance with GAAP, to funds from operations for the reporting periods and the comparable prior periods:

	Three months ended September 30			**Nine months ended September 30**		
($000, except per share amounts)	**2016**	2015	% Change	**2016**	2015	% Change
Cash flow from (used in) operating activities	**763**	(451)	(269)	**654**	942	(31)
Transaction costs	**12**	1,073	(99)	**12**	1,073	(99)
Decommissioning liabilities settled	**2**	-	-	**3**	-	-
Changes in non-cash operating working capital	**416**	(413)	(201)	**790**	(278)	(384)
Funds from operations	**1,193**	209	471	**1,459**	1,737	(16)
Per share – basic	**0.01**	-	-	**0.01**	0.03	(67)
Per share – diluted	**0.01**	-	-	**0.01**	0.03	(67)

Details of the change in funds from operations and corporate netback per boe from the three and nine months ended September 30, 2015 to the three and nine months ended September 30, 2016 are as follows:

	Three months ended September 30		**Nine months ended September 30**	
	$000	**$/boe**	**$000**	**$/boe**
Funds from operations - 2015	**209**	**6.92**	**1,737**	**18.05**
Volume variance	952	-	959	-
Price variance	(2)	0.29	(983)	(8.85)
Interest and other income	19	0.03	115	0.92
Royalties	(107)	(1.20)	(82)	(0.30)
Expenses:				
Operating	(14)	5.19	11	2.31
Transportation	(70)	(0.26)	(71)	(0.06)
General and administrative	234	11.91	(153)	0.75
Exploration expense	(37)	(0.70)	(67)	(0.56)
Interest and financing	9	0.35	(7)	(0.01)
Funds from operations - 2016	**1,193**	**22.53**	**1,459**	**12.25**

Funds from operations increased by 471 percent in the third quarter of 2016 to $1,193,000 from $209,000 generated in the third quarter of 2015. The increase reflects higher revenue due to increased production volumes and lower G&A, partially offset by higher royalties, operating and transportation costs and increased exploration expenses.

For the year-to-date, funds from operations decreased by $278,000 from $1,737,000 for the first nine months of 2015 to $1,459,000 for the first nine months of 2016. This decrease is mainly due to decreased revenue from significantly lower commodity prices as well as higher G&A, royalties, transportation costs, and exploration expenses, partially offset by increased production volumes and increased interest income.

Loss

	Three months ended September 30			**Nine months ended September 30**		
($000, except per share amounts)	**2016**	2015	% Change	**2016**	2015	% Change
Loss	**(68)**	(3,956)	(98)	**(1,513)**	(3,392)	(98)
Per share – basic	**-**	(0.05)	(100)	**(0.01)**	(0.07)	(100)
Per share – diluted	**-**	(0.05)	(100)	**(0.01)**	(0.07)	(100)

For the three and nine months ended September 30, 2016, Altura generated losses of $68,000 and $1,513,000, respectively, this compares to losses of $3,956,000 and $3,392,000 for the respective periods in 2015. The decrease in the losses and losses per share were due primarily to lower transaction costs and no impairment recorded in 2016 as compared to the 2015 comparable periods.

Capital Expenditures

	Three months ended September 30			Nine months ended September 30		
($000)	**2016**	2015	% Change	**2016**	2015	% Change
Geological and geophysical	**14**	4	>500	**219**	14	>500
Land	**1,271**	112	>500	**1,390**	861	61
Drilling and completions	**1,943**	10	>500	**3,743**	182	>500
Equipping and facilities	**633**	27	>500	**845**	90	>500
Other	**220**	27	>500	**382**	133	187
	4,081	180	>500	**6,579**	1,280	414
Property acquisitions	**4,093**	-	-	**4,093**	257	>500
Property dispositions	**(125)**	(20)	>500	**(125)**	(20)	>500
Total capital expenditures, acquisitions and dispositions	**8,049**	160	>500	**10,547**	1,517	>500

In the three months ended September 30, 2016, Altura invested a total of $8.0 million on capital expenditures including; $2.6 million on drilling, completing, and equipping and facilities; $1.3 million on land, geological and geophysical costs and $4.1 million on a property acquisition in the Killam area of Alberta. The property acquisition consisted of 7.3 net sections of land and 125 boe per day of low decline production and included facility infrastructure and a natural gas pipeline connecting the Killam facilities to a third party gas plant.

Year-to-date, Altura invested a total of $10.5 million on capital expenditures including; $4.6 million on drilling, completing, and equipping and facilities; $1.6 million on land, geological and geophysical costs and $4.1 million on a property acquisition. In the nine months ended September 30, 2016, the Corporation has drilled, completed and equipped three gross (3.0 net) horizontal wells and commenced drilling a fourth well, which was completed in October 2016. Of these four wells, three are Sparky oil wells in the Eyehill area and one is an Upper Mannville well in a new area, which Altura is currently evaluating.

Decommissioning Liability

At September 30, 2016, Altura recorded a decommissioning liability of $7.1 million (December 31, 2015 - $2.6 million) for the future abandonment and reclamation of Altura's properties. The estimated decommissioning liability includes assumptions in respect of actual costs to abandon wells or reclaim the property, the time frame in which such costs will be incurred as well as annual inflation factors used to calculate the undiscounted total future liability. The future liability has been discounted at the risk free rate of 1.0 percent (December 31, 2015 – 1.4 percent). Abandonment cost estimates are derived from both third party government sources and operational knowledge of the properties. The estimates are reviewed quarterly and adjusted as new information regarding the liability is determined. The increase in liability is due to wells acquired in the property acquisition, new wells drilled and a decrease in the risk free interest rate in the nine months ended September 30, 2016.

Accretion expense is the increase in the decommissioning liability resulting from the passage of time. For the nine months ended September 30, 2016, accretion expense totaled $25,000 (September 30, 2015 - $25,000).

The Corporation's Liability Management Rating ("LMR") with the Alberta Energy Regulator ("AER") was 5.6 at September 30, 2016. The LMR reflects the results of a comparison of the Corporation's deemed assets to its deemed liabilities and is updated monthly. An LMR rating less than 1.0 would require the Corporation to pay a deposit to the AER.

CAPITAL RESOURCES AND LIQUIDITY

Working Capital

The Corporation had a working capital surplus of $13.2 million at September 30, 2016, compared to $22.1 million at December 31, 2015. At September 30, 2016, the major components of Altura's current assets were cash and cash equivalents (91 percent), and revenue (5 percent) to be received from its oil and gas marketers in respect to September 2016 production. Altura routinely assesses the financial strength of its marketers and joint interest partners, and has determined all past due accounts receivable to be collectable. Current liabilities largely consist of trade and joint interest payables (38 percent) and accrued liabilities (62 percent) related to the Corporation's operations. The Corporation manages its working capital using a combination of its funds from operations and advances under its revolving operating demand loan credit facility and, if applicable, funds from debt and equity issuances and asset divestitures. Altura invests its excess cash in a short-term interest bearing account with its lender.

Credit Facility

The Corporation has a revolving operating demand loan (the "Credit Facility") with a Canadian chartered bank (the "Lender") with a maximum borrowing limit of $4.0 million. The Credit Facility is payable on demand and bears interest at a rate equal to the Lender's prime rate plus 1.50 percent per annum on the outstanding principal, payable monthly. The Corporation is subject to certain reporting and financial covenants that require the Corporation to maintain a working capital ratio of at least 1:1, but for the purposes of the covenant, the Credit Facility and the fair value of any commodity contracts are excluded and the unused portion of the Credit Facility may be added to current assets. At September 30, 2016, the working capital ratio under the terms of the Credit Facility was calculated to be 19.4:1 (December 31, 2015 – 29.8:1). The next review date for the Credit Facility has been set for May 31, 2017.

Shareholders' Equity

At September 30, 2016, there were 108,920,973 common shares outstanding, 9,749,875 performance warrants outstanding and 3,800,000 stock options outstanding. The number of shares outstanding remains unchanged from December 31, 2015.

At November 9, 2016, the number of common shares, performance warrants and stock options outstanding remain unchanged from September 30, 2016.

Liquidity

At September 30, 2016, Altura had a working capital surplus of $13.2 million, no debt and $4.0 million available on its Credit Facility. Altura expects to have adequate liquidity to fund its 2016 capital expenditure forecast through a combination of available cash on hand, funds from operations and the $4.0 million Credit Facility, if required. Altura's ability to increase its borrowing capacity is based on its reserves value as determined by its external reserves evaluator.

If Altura undertakes any major acquisitions, management would expect to finance the transactions with a combination of cash on hand, equity and debt in a cost effective manner. Altura continues to be very active evaluating acquisitions that meet its investment criteria.

Contractual Obligations and Commitments

Altura does not have any material contractual obligations or commitments as at September 30, 2016.

SUMMARY OF QUARTERLY INFORMATION

Quarters Ended	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4
OPERATING								
Average daily production								
Crude oil (bbls/d)	**490**	271	341	320	275	282	355	448
Natural gas (mcf/d)	**473**	289	348	374	267	238	268	259
NGLs (bbls/d)	**6**	4	7	6	8	3	6	4
Total (boe/d)	**574**	323	405	389	328	325	405	495
Average realized sales price								
Crude oil ($/bbl)	**45.73**	44.21	28.04	39.46	45.48	58.24	43.73	68.05
Natural gas ($/mcf)	**2.53**	1.53	1.96	2.59	3.05	2.83	2.99	3.83
NGLs ($/bbl)	**33.53**	52.30	24.26	41.13	17.16	86.22	40.14	56.79
Total ($/boe)	**41.41**	39.08	25.65	35.66	41.12	53.44	40.84	64.01
OPERATING NETBACK ($ per boe)(1)								
Petroleum and natural gas sales	**41.41**	39.08	25.65	35.66	41.12	53.44	40.84	64.01
Royalty expenses	**(3.13)**	(2.06)	(1.33)	(1.37)	(1.93)	(2.22)	(1.90)	(3.82)
Operating and transportation costs	**(10.26)**	(14.33)	(12.48)	(12.73)	(15.19)	(16.05)	(11.87)	(11.92)
Operating netback(1)	**28.02**	22.69	11.84	21.56	24.00	34.88	26.90	48.27
FINANCIAL ($000, except per share)								
Petroleum and natural gas sales	**2,189**	1,149	946	1,275	1,239	1,580	1,489	2,917
Funds from operations(1)	**1,193**	149	117	415	209	790	738	1,909
Per share – basic and diluted(1)	**0.01**	-	-	-	-	0.02	0.02	0.06
Cash flow from (used in) operating activities	**763**	28	(137)	262	(451)	715	666	2,634
Per share – basic and diluted	**0.01**	-	-	-	(0.01)	0.02	0.02	0.08
Income (loss)	**(68)**	(692)	(753)	(418)	(3,955)	203	361	1,102
Per share – basic and diluted	**-**	(0.01)	(0.01)	-	(0.05)	0.01	0.01	0.03
($000)								
Capital expenditures, net	**7,981**	2,294	204	1,666	160	969	388	776
Total assets	**44,704**	41,431	40,048	40,947	40,811	20,549	19,491	19,813
Working capital surplus (deficit)	**13,209**	20,011	22,199	22,129	23,151	(515)	(208)	(400)
Shareholders' equity	**36,632**	36,410	36,870	37,326	37,205	16,250	16,192	15,868
Common shares outstanding (000)								
Weighted average for the period - basic	**108,921**	108,921	108,921	108,821	82,301	35,074	35,289	34,360
Weighted average for the period - diluted	**108,921**	108,921	108,921	108,821	82,301	35,074	35,289	34,360
Shares outstanding, end of period	**108,921**	108,921	108,921	108,921	107,901	34,703	35,168	35,328

1. Funds from operations, funds from operations per share, and operating netback do not have standardized meanings prescribed by 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. Refer to the Non-GAAP Measures at the end of this MD&A.

Quarter over quarter fluctuations in revenue are the result of both the amount of oil and gas volumes sold as well as Altura's realized price. Crude oil and natural gas prices continued to decline in the first quarter of 2016 resulting in the decrease in petroleum and natural gas sales. Capital expenditures were lower in 2015 due to challenging economic conditions, which has contributed to declining production in the second and third quarters of 2015. One well was drilled in the fourth quarter of 2015 resulting in an increase in production volumes in the fourth quarter of 2015 and the first quarter of 2016. Capital expenditures in the second quarter of 2016 included two wells in the Eyehill area, which resulted in an increase in production volumes in the third quarter of 2016. Capital expenditures increased in the third quarter of 2016 as a result of drilling activity, land acquisitions and a property acquisition.

The Corporation recorded an impairment charge of $2.35 million in the third quarter of 2015 related to declines in forward commodity prices for crude oil and natural gas and a reduction in proved plus probable reserves. This resulted in the significant loss in the third quarter of 2015.

The increase in working capital surplus, total assets, shareholders' equity, and weighted average shares outstanding in the third quarter of 2015 is due to the equity financing associated with the July 2015 reorganization and investment agreement.

OFF BALANCE SHEET ARRANGEMENTS

Altura was not involved in any off-balance sheet arrangements that would result in a material change to its financial position, performance or funds from operations during the reporting periods.

RELATED PARTY TRANSACTIONS

Other than the payment of compensation to key management personnel, the Corporation has not entered into any related party transactions.

CRITICAL ACCOUNTING ESTIMATES

The Corporation's financial and operating results incorporate certain estimates including:

- estimated revenues, royalties and operating expenses on production as at a specific reporting date but for which actual revenues and expenses have not yet been received;
- estimated capital expenditures on projects that are in progress;
- estimated DD&A that are based on estimates of oil and gas reserves that the Corporation expects to recover in the future, commodity prices, estimated future salvage values and estimated future capital costs;
- estimated value of decommissioning liabilities that are dependent upon estimates of future costs, timing of expenditures and the risk-free rate;
- estimated income and other tax liabilities requiring interpretation of complex laws and regulations. All tax filings are subject to audit and potential reassessment after the lapse of considerable time;
- estimated share-based compensation expense using the Black-Scholes option pricing model; and
- estimated recoverable amounts are based on estimated proved plus probable reserves, production rates, oil and gas prices, future costs, discount rates and other relevant assumptions.

The Corporation has hired individuals and consultants who have the skills required to make such estimates and ensures that individuals or departments with the most knowledge of the activity are responsible for the estimates. Further, past estimates are reviewed and compared to actual results, and actual results are compared to budgets in order to make more informed decisions on future estimates.

RISK FACTORS & RISK MANAGEMENT

Altura monitors and complies with current government regulations that affect its activities, although operations may be adversely affected by changes in government policy, regulations or taxation. In addition, Altura maintains a level of liability, and property insurance, which is believed to be adequate for the Corporation's size and activities, but is unable to obtain insurance to cover all risks within the business or in amounts to cover all possible claims. See "Forward-Looking Information" in this MD&A and "Risk Factors" in Altura's most recently filed annual information form for additional information.

IMPACT OF NEW ENVIRONMENTAL REGULATIONS

The oil and gas industry is currently subject to regulation pursuant to a variety of provincial and federal environmental legislation, all of which is subject to governmental review and revision from time to time. Such legislation provides for, among other things, restrictions and prohibitions on the spill, release or emission of various substances produced in association with certain oil and gas industry operations, such as sulphur dioxide and nitrous oxide. In addition, such legislation sets out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites. Compliance with such legislation can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability and the imposition of material fines and penalties.

CHANGES IN ACCOUNTING POLICIES

In May 2014, the IASB issued IFRS 15 "Revenue from Contracts with Customers", which replaces IAS 18 "Revenue", IAS 11 "Construction Contracts", and related interpretations. In September 2015, the IASB formalized the deferral of the effective date of IFRS 15 by one year, to January 1, 2018. The standard is required to be adopted either retrospectively or using a modified transition approach for fiscal years beginning on or after January 1, 2018, with earlier adoption permitted.

Altura is currently assessing the impact of adopting IFRS 15, however, it anticipates that this standard will not have a material impact on the Corporation's financial statements.

In July 2014, the IASB completed the final elements of IFRS 9 "Financial Instruments", The standard supersedes earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9, as amended, includes a principle-based approach for classification and measurement of financial assets, a single 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. The standard will come into effect for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. As the Corporation does not currently apply hedge accounting, it anticipates that this standard will not have a material impact on Altura's financial statements.

In January 2016, the IASB issued IFRS 16, "Leases". The standard is required to be adopted either retrospectively or by recognizing the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 is effective for fiscal years beginning on or after January 1, 2019 with earlier adoption permitted if IFRS 15 "Revenue from Contracts with Customers" has also been adopted. Under the new standard, companies will recognize new assets and liabilities, bringing off-balance sheet leasing arrangements onto the balance sheet. The Corporation is currently assessing the potential impact of the standard on Altura's financial statements.

ADVISORIES

Non-GAAP Measures

This MD&A and third quarter report 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 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 MD&A and third quarter report 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 income (loss) 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 non-cash items including deferred income tax expense, depletion, depreciation and amortization expense, share-based compensation expense, the gain on investments, gain on dispositions of assets, flow-through share renunciation 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, operating costs and transportation costs calculated on a per boe basis. Corporate netback denotes operating netback less general and administrative, interest and financing expense and 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.

Forward-looking Information

This MD&A and third quarter report 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 MD&A and third quarter report contain 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, financing sources for future capital, 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 MD&A and third quarter report 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 MD&A and third quarter 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 including risk factors set out in Altura's most recent annual information form, which is available on SEDAR at www.sedar.com.

The forward-looking information and statements contained in this MD&A and third quarter report are made as of the date of this MD&A and third quarter report, 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.

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.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
As at

($000)	**September 30, 2016**	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	**12,866**	22,389
Accounts receivable (note 10)	**914**	468
Prepaid expenses and deposits	**363**	30
Investment (note 6)	**-**	238
	14,143	23,125
Exploration and evaluation (note 4)	**4,868**	1,768
Property and equipment (note 5)	**25,693**	16,055
Total assets	**44,704**	40,948
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**934**	996
	934	996
Decommissioning liability (note 8)	**7,138**	2,626
Total liabilities	**8,072**	3,622
SHAREHOLDERS' EQUITY		
Share capital (note 9)	**37,712**	37,712
Performance warrants (note 9e)	**771**	289
Contributed surplus	**2,968**	2,631
Deficit	**(4,819)**	(3,306)
Total shareholders' equity	**36,632**	37,326
Total liabilities and shareholders' equity	**44,704**	40,948

See accompanying notes to the unaudited interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)

	Three months ended September 30		Nine months ended September 30	
($000, except per share amounts)	**2016**	2015	**2016**	2015
REVENUE				
Petroleum and natural gas sales	**2,189**	1,239	**4,284**	4,308
Royalties	**(165)**	(58)	**(275)**	(193)
Interest income	**41**	22	**138**	23
	2,065	1,203	**4,147**	4,138
EXPENSES AND OTHER ITEMS				
Operating	**397**	383	**1,092**	1,103
Transportation	**144**	74	**333**	262
General and administrative	**290**	524	**1,165**	1,012
Transaction costs	**12**	1,073	**12**	1,073
Exploration expense	**37**	-	**67**	-
Share-based compensation (note 9)	**246**	423	**722**	485
Interest and financing charges	**4**	13	**31**	24
Depletion, depreciation and amortization (note 5)	**1,010**	671	**2,403**	1,408
Accretion of decommissioning liability (note 8)	**9**	8	**25**	25
Impairment (note 5)	**-**	2,351	**-**	2,351
	2,149	5,520	**5,850**	7,743
OTHER INCOME (EXPENSES)				
Flow-through share renunciation	**-**	-	**-**	60
Gain (loss) on investment (note 6)	**-**	38	**120**	38
Gain on disposition of assets (note 5)	**16**	-	**70**	-
	16	38	**190**	98
Loss before taxes	**(68)**	(4,279)	**(1,513)**	(3,507)
Deferred tax recovery	**-**	(323)	**-**	(115)
Loss and comprehensive loss	**(68)**	(3,956)	**(1,513)**	(3,392)
Loss per share, basic and diluted (note 9d)	**-**	(0.05)	**(0.01)**	(0.07)

See accompanying notes to the unaudited interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

($000)	Share capital	Warrants	Performance warrants	Contributed surplus	Retained earnings (deficit)	Total Equity
Balance, December 31, 2014	13,046	1,295	-	967	559	15,867
Issued on recapitalization (note 9b)	24,620	-	-	-	-	24,620
Share issue costs (note 9b)	(233)	-	-	-	-	(233)
Exercise of stock options (note 9c)	188	-	-	(63)	-	125
Repurchase of common shares (note 9b)	(230)	-	-	-	(56)	(286)
Repurchase of warrants	-	(25)	-	-	-	(25)
Share-based compensation expense (note 9)	-	-	114	371	-	485
Share-based compensation capitalized (note 9)	-	-	-	43	-	43
Loss for period	-	-	-	-	(3,392)	(3,392)
Balance, September 30, 2015	**37,391**	**1,270**	**114**	**1,318**	**(2,889)**	**37,204**
Balance, December 31, 2015	37,712	-	289	2,631	(3,306)	37,326
Repurchase of performance warrants (note 9e)	-	-	(5)	-	-	(5)
Share-based compensation expense (note 9)	-	-	438	284	-	722
Share-based compensation capitalized (note 9)	-	-	49	53	-	102
Loss for period	-	-	-	-	(1,513)	(1,513)
Balance, September 30, 2016	**37,712**	**-**	**771**	**2,968**	**(4,819)**	**36,632**

See accompanying notes to the unaudited interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

($000)	Three months ended September 30 2016	2015	Nine months ended September 30 2016	2015
CASH FLOW FROM (USED IN) OPERATING ACTIVITIES				
Loss for period	**(68)**	(3,956)	**(1,513)**	(3,392)
Add items not involving cash:				
Deferred tax recovery	**-**	(323)	**-**	(115)
Depletion, depreciation and amortization	**1,010**	671	**2,403**	1,408
Accretion of decommissioning liability (note 8)	**9**	8	**25**	25
Share-based compensation (note 9)	**246**	423	**722**	485
Gain on investment (note 6)	**-**	(38)	**(120)**	(38)
Flow-through share renunciation	**-**	-	**-**	(60)
Impairment	**-**	2,351	**-**	2,351
Gain on disposition of assets (note 5)	**(16)**	-	**(70)**	-
Decommissioning liabilities settled	**(2)**	-	**(3)**	-
Change in non-cash working capital (note 11)	**(416)**	413	**(790)**	278
	763	(451)	**654**	942
CASH FLOW FROM (USED IN) FINANCING ACTIVITIES				
Decrease in credit facility	**-**	(580)	**-**	-
Proceeds from the issuance of common shares less share issue costs (note 9b)	**-**	24,387	**-**	24,387
Repurchase of common shares (note 9b)	**-**	-	**-**	(286)
Repurchase of warrants	**-**	(25)	**-**	(25)
Repurchase of performance warrants (note 9e)	**-**	-	**(5)**	-
Proceeds from the exercise of stock options	**-**	125	**-**	125
	-	23,907	**(5)**	24,201
CASH FLOW USED IN INVESTING ACTIVITIES				
Property and equipment expenditures	**(1,665)**	(97)	**(3,671)**	(611)
Exploration and evaluation asset expenditures	**(2,416)**	(83)	**(2,908)**	(669)
Property acquisitions (note 3)	**(4,093)**	-	**(4,093)**	(257)
Property dispositions (note 5)	**125**	20	**125**	20
Disposition of investment (note 6)	**-**	-	**358**	-
Change in non-cash working capital (note 11)	**(1,228)**	(81)	**17**	(592)
	(9,277)	(241)	**(10,172)**	(2,109)
CHANGE IN CASH AND CASH EQUIVALENTS	**(8,514)**	23,215	**(9,523)**	23,034
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**21,380**	-	**22,389**	181
CASH AND CASH EQUIVALENTS, END OF PERIOD	**12,866**	23,215	**12,866**	23,215
Cash and cash equivalents consists of:				
CASH IN BANK ACCOUNT	3,257	3,215	3,257	3,215
CASH IN SHORT-TERM INVESTMENTS	9,609	20,000	9,609	20,000
	12,866	23,215	**12,866**	23,215
Cash interest paid	**4**	7	**17**	18

See accompanying notes to the unaudited interim condensed consolidated financial statements

1. REPORTING ENTITY

Altura Energy Inc. ("Altura" or the "Corporation") is an oil and gas exploration and production company with producing properties in east central Alberta. The Corporation is headquartered in Calgary and is an Alberta-based reporting entity whose shares are listed on the TSX Venture Exchange under the symbol: ATU.V. Altura's principal place of business is located at 200, 640 5th Avenue SW Calgary, Alberta, T2P 3G4.

On July 31, 2015 the Corporation closed a definitive reorganization and investment agreement (the "Reorganization") which provided for a non-brokered private placement (note 9b), appointment of a new management team and a future rights offering to shareholders.

On September 30, 2015, shareholders of the Corporation agreed to rename the Corporation from Northern Spirit Resources Inc. to Altura Energy Inc. and to consolidate the number of common shares on a ten for one basis. The name change and share consolidation was effected on October 16, 2015. The number of shares, warrants and options outstanding have been adjusted on a retroactive basis.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These interim condensed consolidated financial statements (the "financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), and have been prepared following the same accounting policies and methods of computation as the audited consolidated financial statements for the year ended December 31, 2015. In the opinion of management, these financial statements contain all adjustments necessary to present fairly Altura's financial position as at September 30, 2016 and the results of its operations and cash flows for the three and nine months ended September 30, 2016 and 2015. Certain information and disclosures normally included in the notes to the audited consolidated financial statements have been condensed or have been disclosed on an annual basis only. Accordingly, these financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS as issued by the IASB.

These financial statements were approved by the Board of Directors on November 9, 2016.

(b) Basis of Measurement and Principles of Consolidation

These financial statements have been prepared on a historical cost basis, with the exception of Altura's investment and include the accounts of Altura and its wholly-owned subsidiary. All inter-entity transactions have been eliminated.

(c) Functional and Presentation Currency

The financial statements are presented in Canadian dollars, which is the Corporation and its subsidiary's functional currency.

(d) Use of Estimates and Judgement

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ as a result of using estimates.

In preparing the financial statements, the judgments made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements as at and for the year ended December 31, 2015.

(e) Changes in Presentation

Certain comparative information has been re-classified to conform to current presentation.

3. ACQUISITION

On September 14, 2016, Altura closed the acquisition of a producing petroleum and natural gas asset in the Killam area of Alberta for cash consideration of $4.1 million. The acquisition was accounted for as a business combination using the acquisition method of accounting whereby the net assets acquired and the liabilities assumed are recorded at fair value.

The asset acquired has contributed revenues of $66,000 and operating income of $21,000 since September 14, 2016. Had the acquisition closed on January 1, 2016, estimated contributed revenues would have been $0.9 million and estimated contributed operating income would have been $0.3 million for the nine months ended September 30, 2016. The additional oil and gas revenues and operating income are estimates and may not be representative of the results had the acquisitions actually occurred on January 1, 2016.

Net assets acquired ($000)	
Property and equipment	5,225
Prepaid expenses and deposits	68
Decommissioning liability	(1,200)
	4,093
Consideration	
Cash	**4,093**

The accounting for this acquisition will be finalized after all actual results have been obtained and the final fair values of the assets and liabilities have been determined. Accordingly, the above acquisition accounting may be subject to change.

4. EXPLORATION AND EVALUATION

The following table reconciles Altura's exploration and evaluation ("E&E") assets:

($000)	Total
Balance, December 31, 2014	1,446
Additions	1,067
Transfers to property and equipment	(33)
Impairment	(712)
Balance, December 31, 2015	1,768
Additions	3,100
Balance, September 30, 2016	**4,868**

E&E assets consist of the Corporation's exploration projects, which are pending the determination of proven or probable reserves. Additions represent Altura's share of costs incurred on E&E assets during the periods. Altura capitalized cash and non-cash administrative costs directly attributable to E&E additions of $71,000 and $150,000 in the three and nine months ended September 30, 2016 (September 30, 2015 – $nil and $nil).

5. PROPERTY AND EQUIPMENT

The following table reconciles Altura's property and equipment:

Cost ($000)	**Developed and Producing Assets**	**Administrative Assets**	**Total**
Balance, December 31, 2014	19,739	4	19,743
Additions	1,913	31	1,944
Acquisitions	383	-	383
Dispositions	(20)	-	(20)
Transfers from E&E assets	33	-	33
Change in decommissioning costs	588	-	588
Balance, December 31, 2015	22,636	35	22,671
Additions	3,747	5	3,752
Acquisition (note 3)	5,225	-	5,225
Disposition	(124)	-	(124)
Change in decommissioning costs	3,173	-	3,173
Balance, September 30, 2016	**34,657**	**40**	**34,697**
Depletion, depreciation and impairment ($000)			
Balance, December 31, 2014	(2,586)	(3)	(2,589)
Depletion, depreciation and amortization	(2,383)	(5)	(2,388)
Impairment	(1,639)	-	(1,639)
Balance, December 31, 2015	(6,608)	(8)	(6,616)
Depletion, depreciation and amortization	(2,396)	(7)	(2,403)
Disposition	15	-	15
Balance, September 30, 2016	**(8,989)**	**(15)**	**(9,004)**
Carry amounts ($000)			
As at December 31, 2015	16,028	27	16,055
As at September 30, 2016	**25,668**	**25**	**25,693**

At September 30, 2016, estimated future development costs of $16.1 million (December 31, 2015 – $9.2 million) associated with the development of the Corporation's proved and probable reserves were added to the Corporation's net book value in the depletion and depreciation calculation. Altura capitalized cash and non-cash administrative costs directly attributable to property and equipment of $51,000 and $147,000 in the three and nine months ended September 30, 2016 (September 30, 2015 – $17,000 and $156,000).

In 2016, the Corporation divested minor non-producing properties for aggregate proceeds of $125,000. Altura recorded a gain of $16,000 and $70,000 on the dispositions in the three and nine months ended September 30, 2016.

No impairment indicators were identified on property and equipment as at September 30, 2016.

6. INVESTMENT

In the nine months ended September 30, 2016, the Corporation sold its entire investment of common shares in the share capital of a publicly traded company for $358,000 net of transaction costs. For the nine months ended September 30, 2016, the Corporation recorded a gain of $120,000 (September 30, 2015 – $38,000).

7. CREDIT FACILITY

The Corporation has a revolving operating demand loan (the "Credit Facility") with a Canadian chartered bank (the "Lender") with a maximum borrowing limit of $4.0 million. The Credit Facility is payable on demand and bears interest at a rate equal to the Lender's prime rate plus 1.50 percent per annum on the outstanding principal, payable monthly. The Credit Facility can be drawn in whole multiples of a minimum of $10,000, and letters of credit and/or letters of guarantee can be issued not exceeding an aggregate of $0.5 million. A standby fee calculated at a rate of 0.35 percent per annum on the unused portion of the authorized amount is payable monthly.

The Credit Facility is secured by a general security agreement providing a security interest over all present and after acquired property, a floating charge on all lands, and a $12.0 million debenture with a first floating charge over all assets of the Corporation. Altura is subject to certain reporting and financial covenants that require the Corporation to maintain a working capital ratio of at least 1:1, but for the purposes of the covenant, the Credit Facility and the fair value of any commodity contracts are excluded and the unused portion of the Credit Facility is added to current assets. As at September 30, 2016, the working capital ratio as defined was 19.4:1 (December 31, 2015 – 29.8:1). The next review date for the Credit Facility has been set for May 31, 2017.

As at September 30, 2016 the Credit Facility was undrawn (December 31, 2015 - $nil) and Altura had no outstanding letters of credit.

8. DECOMMISSIONING LIABILITY

The Corporation's decommissioning liability results from net ownership interests in petroleum and natural gas properties and equipment including well sites and facilities. Altura estimates the total undiscounted and un-escalated amount of cash flows required to settle its decommissioning obligations as at September 30, 2016 to be approximately $6.1 million (December 31, 2015 – $2.5 million) with the majority of costs anticipated to be incurred between 2023 and 2031. A risk-free discount rate of 1.0 percent (December 31, 2015 – 1.4 percent) and an inflation rate of 2.0 percent (December 31, 2015 – 2.0 percent) was used to calculate the fair value of the decommissioning liability. A reconciliation of the decommissioning liability is provided below:

($000)	**Nine months ended September 30, 2016**	Year ended December 31, 2015
Balance, beginning of period	**2,626**	1,883
Additions	**425**	106
Liabilities acquired (note 3)	**1,200**	133
Liabilities disposed	**(25)**	-
Change in estimates(1)	**181**	445
Revaluation of liabilities acquired(2)	**2,709**	37
Decommissioning liabilities settled	**(3)**	(10)
Accretion	**25**	32
Balance, end of period	**7,138**	2,626

(1) The change in estimates consists of a change in the risk-free discount rate of $169,000 (December 31, 2015 – $74,000) and a change in abandonment and remediation cost estimates and future abandonment dates of $12,000 (December 31, 2015 – $371,000).

(2) Amount relates to the revaluation of acquired decommissioning liabilities using a risk-free discount rate. At the date of acquisitions decommissioning obligations were estimated using a credit adjusted discount rate of 10%.

9. SHARE CAPITAL

(a) Authorized:

- Unlimited number of voting common shares.
- Unlimited number of preferred shares issuable in series, with rights and privileges to be designated by the Board of Directors at the time of issuance.

(b) Issued and outstanding:

	Number of common shares	Amount ($000)
Balance, December 31, 2014	35,327,599	13,046
Repurchase of common shares (i)	(624,200)	(231)
Exercise of stock options	250,000	188
Issuance of common shares on recapitalization (ii)	62,723,526	21,169
Issuance of units on recapitalization (ii)	10,223,953	3,451
Issuance of common shares on rights offering (iii)	1,020,125	344
Fractional rounding on share consolidation	(30)	-
Share issue costs (iv)	-	(255)
Balance, December 31, 2015 and September 30, 2016	**108,920,973**	**37,712**

On October 19, 2015 the Corporation completed a 10 to 1 common share consolidation. The number of shares, warrants and options outstanding have been adjusted on a retroactive basis.

i) On December 18, 2014, the TSX Venture Exchange authorized the Corporation's notice to make a normal course issuer bid ("NCIB") to purchase for cancellation of up to 2,315,134 common shares of the Corporation on the open market during the period from December 24, 2014 to December 24, 2015. For the year ended December 31, 2015, the Corporation purchased a total of 624,200 common shares for cancellation at a weighted average price of $0.46 per share pursuant to the NCIB, which excludes the fees incurred to implement the NCIB program. The excess of the purchase price over the book value of $56,000 was charged to deficit.

ii) On July 31, August 28, and September 4, 2015, the Corporation closed three tranches of a non-brokered private placement issuing (i) 10,223,953 units ("Units") at a price of $0.3375 per unit to insiders, directors and management and (ii) 62,723,526 common shares of the Corporation at a price of $0.3375 per common share for aggregate gross proceeds of $24.6 million. Each Unit is comprised of one common share and one common share purchase warrant (a "Performance Warrant"). Each Performance Warrant will entitle the holder to purchase one common share at a price of $0.449 per share for a period of five years (note 9e).

iii) On October 9, 2015, the Corporation completed a rights offering to shareholders of the Corporation (the "Rights Offering"). Under the Rights Offering, holders of common shares of the Corporation subscribed for and purchased an aggregate of 1,020,125 common shares at a price of $0.3375 per common share, resulting in gross proceeds to the Corporation of $344,000.

iv) Share issue costs on the private placement and Rights Offering totaled $255,000.

(c) Stock options:

The Corporation has a stock option plan for directors, employees and service providers. Under the plan, options may be granted to purchase up to 10 percent of the outstanding shares of Altura and the maximum term of options granted is five years. Unless otherwise determined by the Board of Directors at the time of grant, options vest as to one-third on each of the first, second and third anniversary dates of the date of grant.

No stock options were exercised in the three and nine months ended September 30, 2016. For stock options exercised during the three and nine months ended September 30, 2015, the weighted average trading price was $0.50 per common share.

A summary of the Corporation's outstanding stock options at September 30, 2016 is presented below:

	Number of Stock Options	Weighted Average Exercise Price ($)
Balance, December 31, 2014	1,510,000	1.00
Granted	5,500,000	0.38
Exercised	(250,000)	0.50
Cancelled	(2,810,000)	0.77
Balance, December 31, 2015	3,950,000	0.34
Granted	350,000	0.29
Forfeited	(500,000)	0.34
Balance, September 30, 2016	**3,800,000**	**0.33**

The range of exercise prices for stock options outstanding and exercisable under the plan at September 30, 2016 is as follows:

Exercise Prices		Awards Outstanding			Awards Exercisable		
Low ($)	High ($)	Quantity	Remaining contractual life (years)	Exercise Price	Quantity	Remaining contractual life (years)	Exercise Price ($)
0.29	0.3375	3,800,000	4.2	0.33	-	-	-
		3,800,000	**4.2**	**0.33**	**-**	**-**	**-**

The Corporation’s share-based payments relating to stock options for the nine months ended September 30, 2016 was $337,000 (September 30, 2015 – $414,000) of which $53,000 of the share-based compensation was capitalized (September 30, 2015 – $43,000).

(d) Weighted average common shares:

	Three months ended September 30		Nine months ended September 30	
	2016	2015	**2016**	2015
Basic	**108,920,973**	82,300,974	**108,920,973**	51,060,126
Diluted	**108,920,973**	82,300,974	**108,920,973**	51,060,126

For the three and nine month periods ended September 30, 2016 3,800,000 stock options and 9,749,879 Performance Warrants were excluded from the weighted average number of common shares as they were anti-dilutive (2015 – 10,223,953 Performance Warrants and 8,625,960 warrants).

(e) Performance Warrants:

A summary of the Corporation's outstanding performance warrants at September 30, 2016 is presented below:

	Number of Performance Warrants	Weighted Average Exercise Price ($)
Balance, December 31, 2014	-	-
Granted	10,223,953	0.449
Balance, December 31, 2015	10,223,953	0.449
Forfeited	(474,074)	0.449
Balance, September 30, 2016	**9,749,879**	**0.449**

The Performance Warrants vest and become exercisable as to one-third upon the 20-day weighted average trading price of the common shares equaling or exceeding $0.675, an additional one-third upon the trading price equaling or exceeding $0.901 and a final one-third upon the trading price equaling or exceeding $1.124. The Performance Warrants expire on July 31, and August 28, 2020. As at September 30, 2016 no warrants are exercisable. On the grant date the weighted average fair value of $0.27 per Performance Warrant was determined using an adjusted Black Scholes model using the following assumptions: exercise price of $0.449 per warrant; risk free rate of 0.95 percent; volatility of 110 percent; forfeiture rate of 0 percent; and expected life ranging from 3.0 to 5.0 years. The Corporation’s share-based payments relating to Performance Warrants for the nine months ended September 30, 2016 was $487,000 (September 30, 2015 – $114,000) of which $49,000 of the share-based compensation was capitalized (September 30, 2015 – $nil). The fair value of the Performance Warrants is being expensed over the expected life.

In the nine months ended September 30, 2016, the Corporation repurchased 474,074 Performance Warrants for cancellation for $5,000 from a former officer of the Corporation, pursuant to the terms of the July 6, 2015 reorganization and investment agreement.

10. FINANCIAL AND CREDIT RISK

Altura is exposed to third party credit risk through its contractual arrangements with its joint interest partners, marketers of petroleum and natural gas and other parties. In the event such entities fail to meet their contractual obligations to Altura, such failures could have a material adverse effect. The Corporation manages the risk by reviewing the credit risk of these entities and by entering agreements only with parties that meet certain credit tests. The maximum credit risk that the Corporation is exposed to is the carrying value of cash and cash equivalents, and accounts receivable.

The majority of the credit exposure on accounts receivable at September 30, 2016 pertains to revenue for accrued September 2016 production volumes. Altura primarily transacts with one oil and natural gas marketing company and is therefore subject to concentration risk. The marketing company typically remits amounts to Altura by the 25th day of the month following production. At September 30, 2016, 77 percent of total outstanding accounts receivable pertains to this company. Altura did not have any other customers from which it had outstanding accounts receivable greater than 10 percent of the total outstanding balance at September 30, 2016.

At September 30, 2016, the Corporation's trade receivables have been aged as follows:

($000)	**September 30, 2016**	December 31, 2015
Current	**906**	446
31 – 60 days	**7**	20
61 – 90 days	**-**	1
> 90 days	**1**	65
Allowance for doubtful accounts	**-**	(64)
Total	**914**	468

When determining whether amounts that are past due are collectable, management assesses the credit worthiness and past payment history of the counterparty, as well as the nature of the past due amount. Altura considers all amounts greater than 90 days to be past due. At September 30, 2016 management determined all accounts receivable to be collectable. As at December 31, 2015, $64,000 of accounts receivable past due was determined to be uncollectable.

11. SUPPLEMENTAL CASH FLOW INFORMATION

The following table details the components of non-cash working capital:

	Three months ended September 30		**Nine months ended September 30**	
($000)	**2016**	2015	**2016**	2015
Provided by (used in):				
Accounts receivable	**(459)**	253	**(446)**	292
Prepaid expenses and deposits	**(85)**	(23)	**(333)**	(57)
Accounts payable and accrued liabilities	**(1,168)**	102	**(62)**	(549)
Working capital acquired in acquisition (note 3)	**68**	-	**68**	-
	(1,644)	332	**(773)**	(314)
Provided by (used in):				
Operating activities	**(416)**	413	**(790)**	278
Investing activities	**(1,228)**	(81)	**17**	(592)
	(1,644)	332	**(773)**	(314)

CORPORATE INFORMATION

BOARD OF DIRECTORS

David Burghardt
President & Chief Executive Officer
Altura Energy Inc.

Darren Gee
President & Chief Executive Officer
Peyto Exploration & Development Corp.

Brian Lavergne
President & Chief Executive Officer
Storm Resources Ltd.

Robert Maitland
Independent Businessman

John McAleer
Managing Director
Palisade Capital Management Ltd.

OFFICERS

David Burghardt
President & Chief Executive Officer

Travis Stephenson
Vice President, Engineering

D. Robert Pinckston
Vice President, Exploration

Jeff Mazurak
Vice President, Operations

Tavis Carlson
Vice President, Finance & Chief Financial Officer

AUDITORS

KPMG LLP
Calgary, Alberta

BANKERS

ATB Corporate Financial Services
Calgary, Alberta

LEGAL COUNSEL

Stikeman Elliott LLP
Calgary, Alberta

EVALUATION ENGINEERS

McDaniel & Associates Consultants Ltd.
Calgary, Alberta

REGISTRAR & TRANSFER AGENT

Computershare Trust Company of Canada
Calgary, Alberta

STOCK TRADING

TSX Venture Exchange
Trading Symbol: **ATU**

altura ENERGY INC.