



ALTURA ENERGY ANNOUNCES FIRST QUARTER 2021 FINANCIAL AND OPERATING RESULTS

May 27, 2021

Calgary, Alberta - Altura Energy Inc. ("Altura" or the "Corporation") (TSXV: ATU) is pleased to announce its financial and operating results for the three months ended March 31, 2021. The unaudited interim condensed consolidated financial statements and related management's discussion and analysis ("MD&A") for the three months ended March 31, 2021 are available on SEDAR at www.sedar.com and on Altura's website at www.alturaenergy.ca. Selected financial and operating information for the three months ended March 31, 2021 appear below and should be read in conjunction with the related financial statements and MD&A.

OPERATIONAL AND FINANCIAL SUMMARY

	Three months ended		
	March 31, 2021	December 31, 2020	March 31, 2020
OPERATING			
Average daily production			
Heavy crude oil (bbls/d)	496	468	667
Light crude & medium crude oil (bbls/d)	-	-	8
Natural gas (Mcf/d)	2,356	2,402	2,926
NGLs (bbls/d)	53	48	87
Total (boe/d)	942	916	1,250
Total boe/d per million shares – diluted	8.6	8.4	11.5
Average realized prices			
Heavy crude oil (\$/bbl)	56.92	44.45	33.06
Natural gas (\$/Mcf)	3.30	2.87	2.20
NGLs (\$/bbl)	41.50	25.72	22.02
Average realized price (\$/boe)	40.59	31.56	24.46
(\$/boe)			
Petroleum and natural gas sales	40.59	31.56	24.46
Royalties	(4.45)	(2.61)	(1.96)
Operating expenses	(13.16)	(12.75)	(12.19)
Transportation expenses	(1.96)	(1.93)	(2.49)
Operating netback ⁽¹⁾	21.02	14.27	7.82
Realized gain (loss) on financial instruments	(4.75)	1.48	5.53
Operating netback after realized gain (loss) on financial instruments ⁽¹⁾	16.27	15.75	13.35
General and administrative	(5.49)	(4.66)	(3.50)
Interest and financing expense	(1.23)	(1.39)	(0.17)
Adjusted funds flow per boe ⁽¹⁾	9.55	9.70	9.68
FINANCIAL (\$000, except per share amounts)			
Petroleum and natural gas sales	3,440	2,659	2,783
Cash flow from operating activities	827	206	1,183
Adjusted funds flow ⁽¹⁾	809	818	1,102
Per share – basic ⁽¹⁾	0.01	0.01	0.01
Per share – diluted ⁽¹⁾	0.01	0.01	0.01
Net income (loss)	(908)	10,823	(31,529)
Per share – basic	(0.01)	0.10	(0.29)
Per share – diluted ⁽²⁾	(0.01)	0.10	(0.29)
Capital expenditures	1,510	105	7,082
Property disposition	(438)	-	-
Total capital expenditures, net	1,072	105	7,082
Net debt ⁽¹⁾	4,129	3,857	6,183
Common shares outstanding – basic (000)	108,921	108,921	108,921

(1) Adjusted funds flow, net debt, operating netback, and operating netback after realized gain (loss) on financial instruments 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" included in the "Advisories" section at the end of the MD&A.

(2) Basic weighted average shares are used to calculate diluted per share amounts when the Corporation is in a loss position.

FIRST QUARTER 2021 REVIEW

In the quarter, Altura completed its 102/16-14-049-26W4 Rex horizontal well ("16-14") (89% working interest) that was drilled in February 2020 and not completed due to low commodity prices. The 16-14 well was designed with increased frac density of 74 fracs at 27 meter spacing. This completion is consistent with two Rex horizontal wells that were completed in 2018 with increased frac density that continue to outperform expectations. By comparison, this is a 57% increase in intervals compared to earlier wells with 47 fracs at 40 meter spacing. The 16-14 well commenced production at the end of February 2021 and initial production rates are consistent with and meeting Altura's higher expectations of increased frac density wells.

Altura invested \$1.5 million in capital expenditures in the quarter which included the completion and equipping of the 16-14 well for \$1.0 million and capitalized workovers of \$0.3 million related to rod upgrades to improve run-time efficiency on existing wells.

The Corporation closed a previously announced asset disposition on January 29, 2021, divesting of a 0.6875% working interest in Altura's production, wells, lands and facilities for \$437,500.

Production volumes averaged 942 boe per day in the first quarter, up three percent from the fourth quarter of 2020 due to new production from the 16-14 well that was placed on production in late February.

Altura's realized heavy oil price increased 28% to \$56.92 per barrel in the first quarter compared to \$44.45 per barrel in the fourth quarter of 2020 and increased 72% compared to \$33.06 per barrel in the first quarter of 2020.

Operating expenses in the first quarter were \$13.16 per boe, compared to \$12.75 per boe in the fourth quarter of 2020. The increase was mainly due to higher electricity costs. Transportation expenses were \$1.96 per boe, consistent with \$1.93 per boe in the fourth quarter of 2020.

The Corporation's operating netback¹ averaged \$21.02 per boe, up 47% from the fourth quarter of 2020 due to higher crude oil and natural gas prices, partially offset by higher royalties and operating expenses.

Adjusted funds flow¹ was \$809,000 in the quarter, consistent with \$818,000 in the fourth quarter of 2020. The increase in petroleum and natural gas sales of \$781,000 in the quarter was offset by increased royalty expense and a realized loss on financial instruments of \$403,000, compared to a gain of \$125,000 in the fourth quarter of 2020.

Altura recorded a net loss of \$908,000 in the quarter which was impacted by an unrealized loss on financial instruments of \$866,000 in the quarter.

Altura's net debt¹ was \$4.1 million at March 31, 2021, compared to \$3.9 million at December 31, 2020.

PRODUCTION UPDATE

The Corporation's one (0.9 net) well that was shut-in in February 2021, due to third-party gas processing restrictions, was brought back on production on May 2, 2021. Altura's current production is estimated at 977 boe per day² based on field estimates from May 9, 2021 to May 24, 2021 with approximately 100 boe per day³ to come back online once weather permits.

OUTLOOK

Management is excited to get back to drilling in the Rex pool and plans to drill two (1.8 net) new wells at Leduc-Woodbend in the summer of 2021 with production additions in July and October, respectively. With added production from the two new wells, improving commodity prices and a more favorable hedge book, Altura is forecasting substantial adjusted funds flow¹ growth in the second half of 2021 and a decrease in net debt¹.

¹ Adjusted funds flow, net debt and operating netback are non-GAAP measures that do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. Refer to the heading entitled "Non-GAAP Measures" contained within the "Advisories" section of Altura's MD&A

² Consists of 512 bbls/d of heavy crude oil, 65 bbls/d of NGLs and 2,400 Mcf/d of natural gas

³ Consists of 40 bbls/d of heavy crude oil, 5 bbls/d of NGLs and 330 Mcf/d of natural gas

At current commodity prices, management believes that over the next five years the Corporation could double production at Leduc-Woodbend and completely eliminate debt while drilling only half of its booked locations⁴. Additionally, if conservative levels of debt continue to be utilized, management believes it has the economic inventory at Leduc-Woodbend to further accelerate production growth. See Altura's corporate presentation at www.alturaenergy.ca for further details on Altura's long-term plan.

Altura has increased its capital expenditure budget for 2021 from \$6.0 million to \$7.5 million to advance several parallel initiatives:

- Altura will continue to improve its extended reach horizontal ("ERH") well design by increasing the lateral length in one of the proposed wells from 2,000 to 2,300 meters (a 15% increase). This extension will accommodate a commensurate increase in total frac stages from 74 to 85. Previous success with longer horizontal laterals and increased frac stages in the Rex pool illustrates improved production and reserve capture. This further optimization is expected to result in even greater well performance which will reduce the number of required wells and decrease the capital required to develop the remainder of the Rex pool.
- The Corporation is excited to implement a waterflood pilot project at Leduc-Woodbend. Success of the pilot would result in gas/oil ratio ("GOR") suppression, reservoir pressure maintenance and attenuated production declines which could add material upside to Altura's Rex oil pool reserve recoveries.
- In the first quarter of 2021, Altura modified the artificial lift system in three (2.7 net) Rex wells to a more robust rod string resulting in improved runtime efficiency which is expected to reduce future workover costs. The expanded budget will enable the conversion of an additional nine (7.9 net) wells in 2021.

Altura expects to close the final disposition of a 1.375% working interest for \$875,000 on June 30, 2021 as disclosed in the April 28, 2021 news release.

While 2020 was primarily a defensive year of survival for many junior oil weighted producers, 2021 is looking to be a year of opportunity. Altura's Leduc-Woodbend asset has a large economic well inventory of 47 (36.6 net) booked locations⁴ and 104 (67 net) additional drilling opportunities⁴ and at current commodity prices can self-fund growth within cash flow while improving its strong balance sheet. The Altura team is very excited and poised to refocus efforts towards creating value for shareholders in 2021 and beyond.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

We believe that we can develop and produce oil and natural gas safely, responsibly and profitably, while making a positive contribution to society. We believe this sustainable approach is key to the long-term success of the Corporation. Altura has created a culture rooted in strong economic, environmental, social and governance performance which is the foundation for corporate sustainability. From senior leadership to our front-line consultants we focus on continuous improvement and leadership in all aspects of our business.

Altura has demonstrated operational strength and capital discipline while delivering on the safety performance commitment outlined in our Corporate Social Responsibility Policy. Our focus and commitment to hazard identification, emergency readiness and communication regarding safety standards and expectations has created a safety leadership culture that enables everyone to return home safely at the end of the day.

We have a vision of conservation and innovation to minimize environmental impacts and maximize value from the resources we produce. We have invested time and resources to reduce emissions and, although we are a small company, we believe the results have demonstrated leadership on this important objective. We also recognize the value of stakeholder feedback during this important transition phase in the energy industry and believe that disclosure of ESG topics provides a more in-depth picture of the sustainability of the Corporation.

Altura recognizes that to deliver consistent and long-term shareholder value we must operate in a safe, healthy, ethical, legal, and environmentally responsible manner. We look forward to stakeholder feedback as we find new and exciting ways to maximize value for all stakeholders.

Following its approval by the ESG Committee of Altura's Board of Directors, the Corporation has posted its 2021 Sustainability Report on its website at www.alturaenergy.ca.

⁴ See advisories on drilling locations in this news release

ANNUAL GENERAL MEETING

The Annual General Meeting ("AGM") of shareholders will be held at the Corporation's offices at 2500, 605 - 5th Avenue S.W., Calgary, Alberta, on Thursday, June 3, 2021 at 10:30 am (Mountain Time). In view of the COVID-19 pandemic and the restrictions on mass gatherings implemented by the Government of Alberta, the Corporation strongly encourages shareholders to consider voting their shares via proxy rather than attending the AGM in person. Subject to the Corporation's by-laws, access to the AGM will be limited to essential personnel and registered shareholders and proxyholders entitled to attend and vote at the AGM. No external guests will be allowed to attend the AGM.

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

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 reservoir 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:

- the 2021 capital expenditure budget including plans to bring two (1.8 net) new wells on production in July and October 2021;
- Altura's forecast of substantial adjusted funds flow growth in the second half of 2021, while reducing net debt;
- management's belief over the next five years the Corporation could double production at Leduc-Woodbend and eliminate its debt while drilling only half of its booked locations and could further accelerate production growth at Leduc-Woodbend by utilizing conservative debt levels;
- management's expectation that further ERH well optimization could result in even greater well performance which will reduce the number of required wells and decrease the capital required to develop the remainder of the Rex pool;
- the success of a waterflood pilot project including GOR suppression, reservoir pressure maintenance and attenuated production declines which could add material upside to Altura's Rex oil pool reserve recoveries; and
- plans to close the final stage of the previously announced asset disposition on June 30, 2021.

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 report are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation:

- changes in commodity prices;
- changes in the demand for or supply of Altura's products;
- unanticipated operating results or production declines;
- changes in tax or environmental laws, royalty rates or other regulatory matters;
- changes in development plans of Altura or by third party operators of Altura's properties,
- increased debt levels or debt service requirements;
- inaccurate estimation of Altura's oil and gas reserve and resource volumes;
- limited, unfavorable or a lack of access to capital markets;
- increased costs;
- a lack of adequate insurance coverage;
- the impact of competitors; and
- certain other risks detailed from time to time in Altura's public documents.

The forward-looking information and statements contained in this press release speak only as of the date of this press release, and Altura does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

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.

Drilling Locations

This news release discloses drilling locations in three categories: (i) proved locations; (ii) probable locations; and (iii) potential drilling opportunities. Proved locations and probable locations, which are sometimes collectively referred to as "booked locations", are derived from the Corporation's most recent independent reserves evaluation as of December 31, 2020 and account for drilling locations that have associated proved reserves. Potential drilling opportunities are internal estimates based on the Corporation's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and Altura's internal review. Potential drilling opportunities do not have attributed reserves or resources. Potential drilling opportunities have specifically been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves data on prospective acreage and geologic formations. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, crude oil and natural gas prices, costs, actual drilling results and other factors. While certain of the potential drilling opportunities have been derisked by drilling existing wells in relative close proximity to such potential drilling opportunities, the majority of other potential drilling opportunities are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations, and if drilled there is more uncertainty that such wells will result in additional reserves, resources or production.

For further information please contact:

Altura Energy Inc.
2500, 605 – 5th Avenue SW
Calgary, Alberta T2P 3H5
Telephone (403) 984-5197

David Burghardt
President and Chief Executive Officer
Direct (403) 984-5195

Tavis Carlson
Vice President, Finance and Chief Financial Officer
Direct (403) 984-5196

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