



Altura Energy Inc. Announces Third Quarter 2017 Financial and Operating Results

November 9, 2017

Calgary, Alberta - Altura Energy Inc. ("Altura", or the "Corporation") (TSX Venture: ATU) is pleased to announce its financial and operating results for the third quarter of 2017. The unaudited interim condensed consolidated financial statements and related management's discussion and analysis ("MD&A") will be available at www.sedar.com and www.alturaenergy.ca.

OPERATIONAL AND FINANCIAL SUMMARY

	Three months ended			Nine months ended	
	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
OPERATING					
Average daily production					
Light and medium oil (bbls/d)	624	652	472	605	354
Heavy oil (bbls/d)	274	346	18	309	14
Natural gas (mcf/d)	1,045	1,098	473	1,018	371
NGLs (bbls/d)	16	25	6	19	6
Total (boe/d)	1,088	1,205	574	1,103	435
Total boe/d per million shares – basic	10.0	11.1	5.3	10.1	4.0
Average realized prices					
Light and medium oil (\$/bbl)	47.64	50.69	46.04	50.46	40.20
Heavy oil (\$/bbl)	47.38	45.36	37.68	46.25	32.33
Natural gas (\$/mcf)	1.71	3.03	2.53	2.55	2.09
NGLs (\$/bbl)	49.54	36.44	33.53	41.37	34.48
Total (\$/boe)	41.62	43.93	41.41	43.72	35.95
NETBACK AND COST (\$/boe)					
Petroleum and natural gas sales	41.62	43.93	41.41	43.72	35.95
Royalties	(3.70)	(4.41)	(3.13)	(4.11)	(2.31)
Operating	(10.01)	(10.52)	(7.53)	(10.18)	(9.16)
Transportation	(2.89)	(2.71)	(2.73)	(2.64)	(2.79)
Operating netback ⁽¹⁾	25.02	26.29	28.02	26.79	21.69
General and administrative	(3.78)	(3.28)	(5.49)	(3.62)	(9.78)
Exploration expense	-	-	(0.70)	-	(0.56)
Interest and financing expense	(0.06)	(0.27)	(0.08)	(0.14)	(0.26)
Interest income	-	0.03	0.78	0.06	1.16
Corporate netback ⁽¹⁾	21.18	22.77	22.53	23.09	12.25
FINANCIAL (\$000, except per share amounts)					
Petroleum and natural gas sales	4,167	4,818	2,189	13,163	4,284
Funds from operations ⁽¹⁾	2,119	2,496	1,193	6,952	1,459
Per share – basic and diluted ⁽¹⁾	0.02	0.02	0.01	0.06	0.01
Cash flow from operating activities	2,545	2,269	763	7,608	654
Per share – basic and diluted	0.02	0.02	0.01	0.07	0.01
Income (loss)	322	594	(68)	929	(1,513)
Per share – basic and diluted	-	0.01	-	0.01	(0.01)
Capital expenditures, acquisitions and dispositions	6,439	3,078	8,049	18,469	10,547
Net debt (working capital surplus) ⁽¹⁾	2,881	(1,156)	(13,209)	2,881	(13,209)
Common shares outstanding (000)					
End of period – basic	108,921	108,921	108,921	108,921	108,921
Weighted average for the period – basic	108,921	108,921	108,921	108,921	108,921
Weighted average for the period – diluted	108,922	109,082	108,921	109,019	108,921

(1) Funds from operations, net debt, 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.

THIRD QUARTER 2017 HIGHLIGHTS

- Production volumes averaged 1,088 boe per day, a per share increase of 89% from the third quarter of 2016, with year-to-date production increasing by 154% from 2016.
- Funds from operations were \$2.1 million, up 78% from the third quarter of 2016.
- Earnings of \$322,000 compared to a loss of \$68,000 in the third quarter of 2016.
- Total cash costs (royalties, operating, transportation, G&A, exploration, and interest and financing expenses) were flat at approximately \$20.00 per boe for the past five quarters, driving a corporate netback of \$21.18 per boe for the quarter.
- Net capital expenditures totaled \$6.4 million. This included \$3.7 million for drilling two extended reach horizontal ("ERH") oil wells and completing one ERH oil well at Leduc-Woodbend. The second ERH well was completed at the beginning of October.
- Invested \$1.7 million in infrastructure relating to the construction of gas gathering, emulsion and produced water pipelines for the two new ERH wells and equipment purchases for the planned multi-well battery at Leduc-Woodbend.
- The credit facility was increased to \$10.0 million from \$7.5 million in October. Net debt at September 30, 2017 was \$2.9 million, or 0.3 times annualized third quarter funds from operations.

OPERATIONAL REVIEW

Leduc-Woodbend

Altura continues to build on its dominant land position in the Leduc-Woodbend area with approximately 60 net sections of 100% working interest lands secured in this large Upper Mannville Rex oil pool.

Altura drilled two 1.5-mile ERH wells in the third quarter of 2017. Completion operations commenced at the end of September and the wells were brought on production at the end of October. Each well was drilled to a vertical depth of 1,300 meters with a horizontal length of approximately 2,000 meters and an average of 43 frac stages. Drilling and completion costs are estimated at \$2.5 million per well.

Operational efficiencies continue to improve on this play with the most recent spud to rig release time on the second ERH well at 10.2 days (344 meters per day) compared to a one mile horizontal at 8.8 days (329 meters per day). When compared to a one-mile horizontal well, the ERH wells access an additional 50% or 650 meters of reservoir which is expected to improve production rates and reserve recovery. The ERH wells were placed on production on October 27, 2017, and the initial production rates for the first few days meet expectations. Altura plans to update shareholders with 30-day and 45-day initial production rates for both wells in December.

Altura successfully recompleted a standing wellbore in the southern area of the field to a produced water disposal well and commenced water injection in October. In the northern area of the field, the Corporation converted a second well to a produced water disposal well and completed the construction of gas gathering, emulsion and water disposal infrastructure. This investment will allow Altura to conserve natural gas and improve operating cost efficiencies by significantly reducing produced water trucking and disposal costs. The Corporation estimates that the pipeline and disposal wells will reduce area operating costs by approximately \$3.50 per boe (\$0.90 per boe corporately).

Infrastructure in the area will expand with the construction of a multi-well battery and an additional natural gas gathering pipeline planned for 2018. The battery will have an initial capacity of 3,000 barrels of oil per day and the gas gathering pipeline will connect Altura's northern area wells to a second third-party gas plant in the southern half of the Leduc-Woodbend field. This pipeline connection will increase Altura's gathering and processing capacity, avoid curtailments and reduce processing fees.

Eyehill

Altura converted a one-mile horizontal well to a water injection well and commenced the waterflood pilot in August. The injection well is performing as expected and the offsetting producers will be monitored for positive oil production response. Produced water injection has eliminated water hauling and disposal costs and reduced the area operating costs by approximately \$2.00 per boe (\$0.80 per boe corporately).

Macklin

In September, Altura executed a three-way asset exchange including undeveloped land and a wellbore in the Provost area in exchange for three sections of Sparky rights contiguous to Altura's producing well that was drilled in the first quarter of 2017. The additional sections have increased Altura's position in the Sparky pool to 9.5 sections of 100% WI land. Following the positive results of the producing Sparky horizontal well, Altura has initiated surface land acquisition activities for future drilling pads.

CREDIT FACILITY INCREASED

In October 2017, Altura's credit facility was increased to \$10.0 million from \$7.5 million based on the mid-year 2017 reserve report. The Corporation ended the quarter with net debt of \$2.9 million, or 0.3 times annualized third quarter funds from operations.

OUTLOOK

2017 average production is forecasted to increase by 96% from 2016 on a per share basis. Altura forecasts a 2017 exit rate of 1,350 boe per day, which represents a 37% increase over fourth quarter 2016 of 988 boe per day.

Altura is very encouraged with the early production results from the two new Leduc-Woodbend ERH wells. The Corporation plans to update shareholders in mid-December in respect to the initial production rates of these wells and to provide guidance concerning the 2018 capital budget.

ABOUT ALTURA ENERGY INC.

Altura is a junior oil and gas exploration, development and production company with operations in central and east central Alberta. Altura predominantly produces from the Sparky and Rex reservoirs in the Upper Mannville group and is focused on delivering per share growth and attractive shareholder returns through a combination of organic growth and key 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 expected cost reductions at Leduc-Woodbend from water handling infrastructure, plans concerning the construction of a future multi-well battery and gas gathering pipeline at Leduc-Woodbend in 2018, acquisition of future drilling pads at Macklin, forecasted 2017 production growth, forecasted 2017 exit rate and plans concerning a mid-December update regarding new well production rates and 2018 capital budget guidance.

The forward-looking information and statements contained in this press release reflect several material factors and expectations and assumptions of Altura including, without limitation:

- the continued performance of Altura's oil and gas properties in a manner consistent with its past experiences
- that Altura will continue to conduct its operations in a manner consistent with past operations;
- the general continuance of current industry conditions;
- the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes;
- the accuracy of the estimates of Altura's reserves and resource volumes;
- certain commodity price and other cost assumptions;
- the continued availability of oilfield services; and
- the continued availability of adequate debt and equity financing and cash flow from operations to fund its planned expenditures.

Altura believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct. To the extent that any forward-looking information contained herein may be considered future oriented financial information or a financial outlook, such information has been included to provide readers with an understanding of management's assumptions used for budgeted and developing future plans and readers are cautioned that the information may not be appropriate for other purposes.

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

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

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

Non-GAAP Measures

This press release contains references to measures used in the oil and natural gas industry such as "funds from operations", "net debt", "corporate netback", "funds from operations per share", and "operating netback". These measures do not have standardized meanings prescribed by generally accepted accounting principles ("GAAP") and therefore should not be considered in isolation. These reported amounts and their underlying calculations are not necessarily comparable or calculated in an identical manner to a similarly titled measure of other companies where similar terminology is used. Where these measures are used, they should be given careful consideration by the reader. These measures have been described and presented in the press release to provide shareholders and potential investors with additional information regarding the Corporation's liquidity and its ability to generate funds to finance its operations.

Funds from operations should not be considered an alternative to, or more meaningful than, cash provided by operating, investing and financing activities or net income as determined in accordance with GAAP, as an indicator of Altura's performance or liquidity. Funds from operations is used by Altura to evaluate operating results and the Corporation's ability to generate cash flow to fund capital expenditures and repay indebtedness. Funds from operations denotes cash flow from operating activities as it appears on the Corporation's statement of cash flows before decommissioning expenditures, if any, transaction costs and changes in non-cash operating working capital. Funds from operations is also derived from income (loss) plus transaction costs and non-cash items including depletion, depreciation and amortization expense, share-based compensation expense, impairment, the gain (loss) on investments, gains (losses) on disposition of assets and accretion expense. Funds from operations per share is calculated as funds from operations divided by the weighted average number of basic and diluted common shares outstanding. Operating netback denotes total sales less royalty expenses, and operating and transportation costs calculated on a per boe basis. Corporate netback denotes operating netback less general and administrative, interest and financing expense, exploration expense plus interest income on a per boe basis. Altura uses net debt as a measure to assess its financial position. Net debt is equivalent to working capital deficit.

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.

Initial Production Rates

Any references in this press release to initial production rates are useful in confirming the presence of hydrocarbons, however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter. Oil and gas formations are inherently unpredictable, particularly in the early stage of their development. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Corporation.

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