



## ALTURA ENERGY ANNOUNCES SECOND QUARTER 2021 FINANCIAL AND OPERATING RESULTS

August 25, 2021

Calgary, Alberta - Altura Energy Inc. ("Altura" or the "Corporation") (TSXV: ATU) is pleased to announce its financial and operating results for the three and six months ended June 30, 2021. The unaudited interim condensed consolidated financial statements and related management's discussion and analysis ("MD&A") for the three and six months ended June 30, 2021 are available on SEDAR at [www.sedar.com](http://www.sedar.com) and on Altura's website at [www.alturaenergy.ca](http://www.alturaenergy.ca). Selected financial and operating information for the three and six months ended June 30, 2021 appear below and should be read in conjunction with the related financial statements and MD&A.

### OPERATIONAL AND FINANCIAL SUMMARY

	Three months ended			Six months ended	
	June 30, 2021	March 31, 2021	June 30, 2020	June 30, 2021	June 30, 2020
<b>OPERATING</b>					
Average daily production					
Heavy crude oil (bbls/d)	528	496	213	512	440
Light crude & medium crude oil (bbls/d)	-	-	-	-	4
Natural gas (Mcf/d)	2,543	2,356	1,154	2,450	2,040
NGLs (bbls/d)	57	53	30	55	59
Total (boe/d)	1,009	942	435	975	843
Total boe/d per million shares – diluted	9.3	8.6	4.0	9.0	7.7
Average realized prices					
Heavy crude oil (\$/bbl)	66.71	56.92	21.39	61.99	30.24
Natural gas (\$/Mcf)	3.39	3.30	2.06	3.35	2.16
NGLs (\$/bbl)	44.45	41.50	6.46	43.05	18.03
Average realized price (\$/boe)	45.97	40.59	16.36	43.39	22.37
(\$/boe)					
Petroleum and natural gas sales	45.97	40.59	16.36	43.39	22.37
Royalties	(5.15)	(4.45)	0.28	(4.81)	(1.38)
Operating expenses	(13.96)	(13.16)	(16.27)	(13.57)	(13.24)
Transportation expenses	(2.45)	(1.96)	(2.46)	(2.22)	(2.48)
Operating netback <sup>(1)</sup>	24.41	21.02	(2.09)	22.79	5.27
Realized gain (loss) on financial instruments	(6.67)	(4.75)	16.60	(5.75)	8.39
Operating netback after realized gain (loss) on financial instruments <sup>(1)</sup>	17.74	16.27	14.51	17.04	13.66
General and administrative	(4.46)	(5.49)	(7.98)	(4.95)	(4.66)
Interest and financing expense	(1.03)	(1.23)	(1.42)	(1.13)	(0.49)
Adjusted funds flow per boe <sup>(1)</sup>	12.25	9.55	5.11	10.96	8.51
<b>FINANCIAL</b> (\$000, except per share amounts)					
Petroleum and natural gas sales	4,220	3,440	647	7,660	3,430
Cash flow from operating activities	763	827	512	1,590	1,695
Adjusted funds flow <sup>(1)</sup>	1,125	809	204	1,934	1,306
Per share – basic and diluted <sup>(1)</sup>	0.01	0.01	-	0.02	0.01
Net loss	(398)	(908)	(1,247)	(1,306)	(32,776)
Per share – basic and diluted <sup>(2)</sup>	-	(0.01)	(0.01)	(0.01)	(0.30)
Capital expenditures	427	1,510	218	1,937	7,300
Property dispositions	(1,312)	(438)	(871)	(1,750)	(871)
Total capital expenditures, net	(885)	1,072	(653)	187	6,429
Net debt <sup>(1)</sup>	2,200	4,129	5,335	2,200	5,335
Common shares outstanding (000)					
End of period – basic	108,921	108,921	108,921	108,921	108,921
Weighted average for the period – basic and diluted <sup>(2)</sup>	108,921	108,921	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.

## SECOND QUARTER 2021 HIGHLIGHTS

- Production volumes averaged 1,009 boe per day in the quarter, up 132 percent year-over-year and seven percent from the first quarter of 2021.
- The Corporation closed two previously announced asset dispositions on April 27, 2021 and June 15, 2021, divesting of an aggregate 2.06 percent working interest for cash proceeds of \$1,312,000.
- Altura's net debt<sup>1</sup> was \$2.2 million at June 30, 2021, down from \$4.1 million at March 31, 2021, which represents 0.5 times the annualized quarterly adjusted funds flow. Excluding the impact of the realized loss on financial instruments, Altura's net debt to adjusted funds flow ratio would be very low at 0.2 times.
- Altura's realized heavy oil price increased 17 percent to \$66.71 per barrel in the quarter compared to \$56.92 per barrel in the first quarter of 2021 and increased 212 percent compared to \$21.39 per barrel in the second quarter of 2020.
- Operating expenses were \$13.96 per boe, compared to \$16.27 per boe in the second quarter of 2020. Transportation expenses were \$2.45 per boe, consistent with \$2.46 per boe in the second quarter of 2020.
- The Corporation's operating netback<sup>1</sup> averaged \$24.41 per boe, up 16 percent from the first quarter of 2021 due to higher crude oil and natural gas prices, partially offset by higher royalties and operating expenses.
- Adjusted funds flow<sup>1</sup> was \$1.1 million in the quarter, which is a 39 percent increase from the first quarter of 2021. This was mainly from higher commodity prices and higher production volumes which were partially offset by a \$0.6 million realized hedging loss.
- The net loss in the quarter was \$0.4 million, which decreased from \$0.9 million in the prior quarter and \$1.2 million in the second quarter of 2020.
- Altura invested \$0.4 million in capital expenditures which included workover costs related to four rod upgrades at Leduc-Woodbend to improve run-time efficiency and the lease construction costs related to the July 2021 drilling operation.

## OPERATIONAL UPDATE

In July 2021, Altura drilled and completed an extended reach horizontal ("ERH") well under budget at 100/11-14-048-26W4 (the "11-14" well) (87.5% working interest) into the Rex member of the Upper Mannville at Leduc-Woodbend. The 11-14 well was drilled in the southern half of the pool and was classified as a probable location<sup>2</sup> in Altura's December 31, 2020 reserve report. Management believes that a successful 11-14 well will enable Altura to convert additional probable locations<sup>2</sup> adjacent to 11-14 to proved locations<sup>2</sup> in Altura's reserve report ending December 31, 2021.

The 11-14 ERH well is Altura's longest well to-date with a completed lateral length of 2,270 meters, which is 170 meters longer than previous Rex horizontal wells. The well was completed with 83 frac stages, which is a record number of stages for Altura. The longer well and increased frac density is expected to result in increased production and reserves compared to the average Leduc-Woodbend well of approximately 2,100 meters and a frac density of 55 stages. The 11-14 well commenced production mid-August and is in the cleanup phase, showing strong initial production rates and exceeding management's expectations. Altura will report production results on this well in the next quarterly release once it is fully cleaned-up.

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<sup>2</sup> See drilling location disclosure in this news release

## OUTLOOK

Altura has an active third quarter remaining with a second Leduc-Woodbend well (87.5% working interest) planned for September, with subsequent production in October. Additionally, the Corporation has budgeted a waterflood pilot project at Leduc-Woodbend, which is planned for the fourth quarter of 2021. Success of the pilot would result in gas/oil (GOR) ratio suppression, reservoir pressure maintenance and attenuated production declines which could add material upside to Altura's Rex oil pool reserve recoveries.

Altura's capital expenditure forecast for 2021 (excluding proceeds from asset dispositions) remains at \$7.5 million and average 2021 production is forecasted to be 1,100 to 1,150 boe per day, representing more than 25 percent growth over 2020 on a per share basis. With added production from the two new wells, improving commodity prices and a more favorable hedge book, Altura is forecasting substantial adjusted funds flow<sup>3</sup> growth in the second half of 2021.

Altura's Leduc-Woodbend asset has a large economic well inventory of 47 (36.6 net) booked locations<sup>4</sup> and 104 (66 net) additional drilling opportunities<sup>4</sup> which at current commodity prices generates growth within cash flow while strengthening its balance sheet. See Altura's corporate presentation at [www.alturaenergy.ca](http://www.alturaenergy.ca) for further details on Altura's long-term plan.

On behalf of the Board of Directors and the Altura management team, we would like to thank our shareholders for their ongoing support.

## ABOUT ALTURA ENERGY INC.

Altura is a junior oil and gas exploration, development and production company with operations in central Alberta. Altura predominantly produces from the Rex 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](http://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 of \$7.5 million, including plans to drill one (87.5% working interest) well in September 2021 and bring it on production in October 2021 and plans to implement a waterflood pilot project;
- the 2021 average production guidance of 1,100 to 1,150 boe per day;
- management's expectation that a longer ERH well and increased frac density is expected to result in increased production and reserves;
- management's belief that a successful 11-14 well will enable Altura to convert additional probable locations adjacent to 11-14 to proved locations in Altura's reserve report ending December 31, 2021;
- 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;
- management's plan to report 11-14 production results in the next quarterly release;
- Altura's forecast of substantial adjusted funds flow growth in the second half of 2021 from added production from the two new wells, improving commodity prices and a more favorable hedge book; and,
- Altura's ability to generate growth within cash flow at current commodity prices while strengthening its balance sheet.

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<sup>3</sup> 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

<sup>4</sup> See drilling location disclosure in this news release

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.

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