Operational and Financial Summary

	Three months ended September 30,			Nine months ended September 30,		
	2015	2014	% Change	**2015**	2014	% Change
OPERATING						
Average daily production						
Crude oil (bbls/d)	**275**	173	59	**304**	133	129
Natural gas (mcf/d)	**267**	130	105	**257**	223	15
NGLs (bbls/d)	**8**	3	167	**5**	4	25
Total (boe/d)	**328**	197	66	**352**	174	102
Average realized prices						
Crude oil ($/bbl)	**45.48**	83.97	(46)	**48.76**	84.60	(42)
Natural gas ($/mcf)	**3.05**	4.26	(28)	**2.96**	5.16	(43)
NGLs ($/bbl)	**17.16**	71.54	(76)	**36.90**	76.56	(52)
Total ($/boe)	**41.12**	77.39	(47)	**44.80**	72.95	(39)
NETBACK AND COST ($/boe)						
Petroleum and natural gas sales	**41.12**	77.39	(47)	**44.80**	72.95	(39)
Royalties	**(1.93)**	(7.50)	(74)	**(2.01)**	(6.63)	(70)
Operating and transportation	**(15.19)**	(17.06)	(11)	**(14.20)**	(17.49)	(19)
Operating netback[1]	**24.00**	52.83	(55)	**28.59**	48.83	(41)
General and administrative[2]	**(17.40)**	(9.05)	92	**(10.53)**	(9.24)	14
Interest and financing expense	**(0.43)**	(0.21)	105	**(0.25)**	(0.08)	213
Interest income	**0.75**	0.33	127	**0.24**	0.40	(40)
Corporate netback[1]	**6.92**	43.90	(84)	**18.05**	39.91	(55)
FINANCIAL ($)						
Petroleum and natural gas sales	**1,239,119**	1,399,614	(11)	**4,307,854**	3,472,028	24
Funds from operations[1]	**208,567**	794,071	(74)	**1,736,926**	1,899,928	(9)
Per share – basic and diluted[1]	**-**	0.02	(100)	**0.03**	0.06	(50)
Cash flow (used in) / from operating activities	**(450,771)**	(119,579)	277	**942,585**	910,666	4
Per share – basic and diluted	**(0.01)**	-	-	**0.02**	0.03	(33)
Net income (loss)	**(3,955,280)**	677,000	(>500)	**(3,391,823)**	2,474,668	(237)
Per share – basic and diluted	**(0.05)**	0.02	(350)	**(0.07)**	0.07	(200)
Capital expenditures, net of divestitures	**160,414**	3,263,539	(95)	**1,516,868**	5,111,745	(70)
(Net debt) / working capital surplus[1]	**23,151,447**	(2,294,368)	(>500)	**23,151,447**	(2,294,368)	(>500)
Common shares outstanding[3]						
End of period – basic	**107,900,878**	34,327,599	214	**107,900,878**	34,327,599	214
Weighted average for the period – basic	**82,300,974**	34,327,599	140	**51,060,126**	34,327,599	49
Weighted average for the period – diluted	**82,300,974**	34,327,599	140	**51,060,126**	34,327,599	49

(1) Funds from operations, funds from operations per share, corporate netback, operating netback, and net debt 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) G&A for the third quarter of 2015 includes transitional related expenses associated with legal expenses pertaining to the annual information form, share consolidation and name change, and consulting fees related to the management transition, all totaling $2.87 per boe. It also includes a bad debts expense totaling $1.31 per boe. See the General and Administrative section of the MD&A.

(3) 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

2015 THIRD QUARTER HIGHLIGHTS

- Closed the reorganization and investment agreement (the "**Reorganization**"), which provided for a non-brokered private placement raising $25.0 million, including a rights offering, and the appointment of a new management team and board of directors.
- Received approval at a special meeting called for such purposes for a change of the Corporation's name to "Altura Energy Inc." and a consolidation of the common shares.
- Ended the third quarter with $23,151,447 of working capital and no debt.
- Sales production for the third quarter averaged 328 boe per day, consistent with the 327 boe per day produced in the second quarter of 2015, and 66 percent higher than the third quarter of 2014.
- Third quarter operating and transportation costs were $15.19 per boe. This represents an 11 percent reduction over the prior year and a five percent reduction over second quarter 2015 costs.
- Operating netback of $24.00 per boe in the third quarter, which decreased 55 percent from $52.83 per boe in the third quarter of 2014 as a result of the 47 percent decline in the average realized sales price.

OPERATIONAL REVIEW

Altura's asset base is located approximately 20 km south of the town of Provost, in east central Alberta. The Corporation produces 25° API sweet oil and natural gas from horizontal wells drilled in the Sparky Formation at depths between 650 and 850 meters true vertical depth.

Klein North

Third quarter production from Klein North averaged 230 boe per day (88 percent oil plus liquids), a year-over-year increase of 150 percent. The Klein North area consists of four horizontal wells (4.0 net) and one directional well (1.0 net).

Activity in the third quarter of 2015 included a routine workover on a directional well to replace a corroded joint of tubing. Subsequent to September 30, 2015, Altura drilled and completed a horizontal well at 103/03-11-037-03W4, in the Sparky Formation of the Upper Mannville, which has fulfilled the Corporation's December 2014 flow-through share issuance commitment. The 100 percent working interest well was drilled to a vertical depth of 778 meters with a horizontal lateral length of 1,329 meters for a total of 2,288 meters measured depth drilled. The well was completed with a 24-stage, gelled water fracture stimulation with 230.7 tonnes of proppant sand placed in the formation. The well was put on pump and brought on production on November 8, 2015, and started producing oil on November 12, 2015 after a 4-day cleanup period. Production rates from the well over the last six days of production have averaged 176 barrels per day of 26° API oil with 35 mcf per day of natural gas, or 181 boe per day with an associated water cut of 36 percent. This rate exceeds Altura's type curve initial production rate for wells in the Klein North pool of 120 boe per day. The total drilling, completion and equipping costs were on budget at approximately $1.1 million.

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. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Corporation.

Klein South

Third quarter production from Klein South was 40 boe per day (100 percent oil), a year-over-year decrease of 2 percent. The Klein South area consists of four horizontal wells (2.2 net) and one vertical well (1.0 net). Existing well production is currently optimized and there were no operations undertaken in the area for the third quarter of 2015.

Provost Minors

Production in the third quarter was 58 boe per day (70 percent oil plus liquids), a year-over-year decrease of 9 percent. This property consists of seven operated wells (7.0 net) and two non-operated wells (0.5 net). Existing well production is currently optimized and there were no operations undertaken in the area for the third quarter of 2015.

2016 CAPITAL BUDGET

The board of directors of the Corporation has approved a capital development budget ranging between $5.0 and $11.0 million for 2016, funded with cash flow from operating activities and working capital. The budget includes up to seven gross (6.4 net) horizontal wells targeting the Upper Mannville. Management intends to continuously monitor commodity prices and control capital expenditures throughout the year to allow maximum operational flexibility while maintaining strong project returns and a conservative balance sheet.

ANDYLAN INVESTORS LIMITED PARTNERSHIP 2012

Andylan Investors Limited Partnership 2012 (the "**Andylan LP**") owns 14,814,814 common shares of the Corporation pursuant to its participation in Altura's recent private placement related to the Reorganization. As outlined in Altura's July 7, 2015 press release, it is the Andylan LP's intention to distribute its Altura common shares pro rata to its limited partner investors in conjunction with the orderly wind-up of the Andylan LP. The Andylan LP expects to execute such distribution and wind-up on December 9, 2015, or such later date that it chooses in its discretion.

OUTLOOK

The Corporation's new management team is led by David Burghardt as President and CEO, with Tavis Carlson as Vice President, Finance and CFO, Travis Stephenson as Vice President, Engineering, Robert Pinckston as Vice President, Exploration, Maureen Keough as Vice President, Land, and Jeff Mazurak as Vice President, Operations. The team has a proven track record of generating shareholder value in profitably growing junior and intermediate oil and gas companies through an integrated strategy of acquisition, exploitation and exploration.

Altura is currently pursuing conventional crude oil plays in the Western Canadian Sedimentary Basin with an initial focus in central Alberta targeting the shallow, multi-zone, oil-weighted section of the Upper Mannville. Building upon the third quarter production base of 328 boe per day, the technical team has identified a multi-year drilling inventory with breakeven WTI prices ranging from approximately US$37.00 to $46.00 per barrel, depending upon the area ("breakeven" defined as recovering costs plus a 10 percent rate of return).

In November 2015 the Corporation entered into a Lease Issuance and Drilling Commitment Agreement in pursuit of an organic growth concept in an area where the application of horizontal drilling and multi-stage fracturing has not been fully exploited. Pursuant to the agreement, Altura acquired freehold petroleum leases in nine sections of land in Alberta and has committed to drill one horizontal commitment well by October 31, 2016. It is the intention of the Corporation to expand this land position through targeted acquisition and consolidation, depending on drilling results.

Looking ahead to 2016, with cash and cash equivalents of approximately $23.2 million and no debt at the end of the third quarter of 2015, the Corporation is well-positioned to:

- Capitalize on strategic acquisition opportunities in the current "buyers' market" for energy assets;
- Grow corporate production by drilling select horizontal wells from the drilling inventory and not expose the Corporation to capital investment risk that could jeopardize its future growth; and
- Establish the Corporation in an organic play concept by acquiring strategic parcels of land during a period when land prices are at a 20-year low.

On behalf of our management team and board of directors, we would like to thank you for your support of Altura and look forward to reporting continuing positive results.

Respectfully,

"David Burghardt"

David Burghardt,
President & CEO
Altura Energy Inc.
November 20, 2015

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**") (formerly Northern Spirit Resources Inc.) is dated November 20, 2015 and should be read in conjunction with the Corporation's unaudited interim condensed financial statements and related notes for the three and nine months ended September 30, 2015, the audited financial statements and related notes for the year ended December 31, 2014, as well as the Corporation's Annual Information Form that is filed on SEDAR at www.sedar.com. These unaudited interim condensed 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 at the end in the "Advisories" section 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 respecting 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."

REORGANIZATION

On July 31, 2015 the Corporation announced that it had closed a reorganization and investment agreement (the "**Reorganization**"), which provided for a non-brokered private placement (the "**Private Placement**") and the appointment of a new management team and board of directors (collectively, the "**New Management Team**"). The Corporation closed the Private Placement, issuing an aggregate of 62,723,526 common shares of the Corporation ("**Common Shares**") at a price of $0.3375 per Common Share and 10,223,953 units ("**Units**") at a price of $0.3375 per Unit for aggregate gross proceeds of approximately $24.6 million to the New Management Team and other individuals identified by the New Management Team. 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 for a period of five years. The Performance Warrants will vest and become exercisable as to one-third upon the 20-day weighted average trading price of the Common Shares (the "**Market Price**") equaling or exceeding $0.675, an additional one-third upon the Market Price equaling or exceeding $0.901 and a final one-third upon the Market Price equaling or exceeding $1.124.

Prior to the closing of the private placement 250,000 outstanding stock options for the predecessor management team and board of directors were exercised for gross proceeds of $125,000. All remaining stock options were cancelled.

Transaction costs of $1.1 million were incurred in the third quarter to complete the Reorganization and were expensed to earnings. These costs include severance for former management, advisor fees and legal costs.

The New Management Team is led by David Burghardt as President and Chief Executive Officer, Travis Stephenson, Vice President, Engineering, Robert Pinckston, Vice President, Exploration, Maureen Keough, Vice President, Land, Jeff Mazurak, Vice President, Operations and Tavis Carlson, Vice President, Finance and Chief Financial Officer. The new directors of the Corporation are Darren Gee, Brian Lavergne, Robert Maitland, John McAleer and David Burghardt.

On October 9, 2015 the Corporation announced the completion of its rights offering to shareholders of the Corporation (the "**Rights Offering**"). Under the Rights Offering, holders of Common Shares 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 approximately $0.3 million. The Corporation reached its objective with total funds raised of $25 million vis a vis the Private Placement and Rights Offering.

On September 30, 2015 the shareholders of the Corporation approved the change of the Corporation's name to "Altura Energy Inc." and to consolidate the Corporation's Common Shares on a 10 for 1 basis. The name change and the share consolidation were effected on October 16, 2015. The number of shares, warrants and options outstanding have been adjusted on a retroactive basis.

RESULTS OF OPERATIONS

Production

	Three months ended September 30,			Nine months ended September 30,		
	2015	2014	% Change	**2015**	2014	% Change
Crude oil (bbls/d)	**275**	173	59	**304**	133	129
Natural gas (mcf/d)	**267**	130	105	**257**	223	15
Natural gas liquids (bbls/d)	**8**	3	167	**5**	4	25
Total (boe/d)	**328**	197	66	**352**	174	102
Oil and natural gas liquids % of production	**86%**	89%	(3)	**88%**	79%	11

Production volumes averaged 328 boe per day in the third quarter of 2015, compared to 197 boe per day in the same period of 2014. On a year-to-date basis production volumes increased to 352 boe per day from 174 boe per day in 2014. The increased production in the three and nine month reporting periods is a result of five gross (3.8 net) wells being brought on-stream in the third and fourth quarters of 2014. No wells were drilled in the first nine months of 2015.

Revenue

	Three months ended September 30,			Nine months ended September 30,		
$	**2015**	2014	% Change	**2015**	2014	% Change
Crude oil	**1,152,054**	1,335,375	(14)	**4,045,436**	3,070,095	32
Natural gas	**74,862**	51,075	47	**208,064**	314,353	(34)
Natural gas liquids	**12,203**	13,164	(7)	**54,354**	87,580	(38)
Petroleum and natural gas sales	**1,239,119**	1,399,614	(11)	**4,307,854**	3,472,028	24
Interest income	**22,610**	6,051	274	**23,249**	18,956	23
Total revenue	**1,261,729**	1,405,665	(10)	**4,331,103**	3,490,984	24

Petroleum and natural gas sales for the third quarter of 2015 decreased 11 percent to $1,239,119 compared to $1,399,614 in the same period of 2014. The decrease of $160,495 consists of $1,043,515 attributed to lower realized prices, partially offset by $883,020 attributed to increased production volumes. Year-to-date, petroleum and natural gas sales increased 24 percent to $4,307,854 compared to $3,472,028 in the same period of 2014. The increase of $835,826 consists of $4,022,256 attributed to higher production volumes, partially offset by $3,186,430 attributed to lower realized prices.

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,		
	2015	2014	% Change	**2015**	2014	% Change
Average Benchmark Prices						
WTI oil (US$/bbl)(1)	**46.43**	97.17	(52)	**51.00**	99.61	(49)
WCS differential (US$/bbl)(2)	**(13.36)**	(20.22)	(34)	**(13.26)**	(21.17)	(37)
US$/Cdn$ exchange rate	**0.76**	0.92	(17)	**0.79**	0.91	(13)
WCS (Cdn$/bbl)	**43.26**	83.78	(48)	**47.48**	85.85	(45)
AECO daily spot ($/mmbtu)(3)	**2.90**	4.02	(28)	**2.77**	4.81	(42)
Average Realized Prices						
WCS (Cdn$/bbl)	**43.26**	83.78	(48)	**47.48**	85.85	(45)
Altura differential ($/bbl) (4)	**2.22**	0.19	>500	**1.28**	(1.25)	(203)
Crude oil ($/bbl)	**45.48**	83.97	(46)	**48.76**	84.60	(42)
Natural gas ($/mcf)	**3.05**	4.26	(28)	**2.96**	5.16	(43)
Natural gas liquids ($/bbl) (4)	**17.16**	71.54	(76)	**36.90**	76.56	(52)
Average realized price ($/boe)	**41.12**	77.39	(47)	**44.80**	72.95	(39)

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

Oil prices weakened further in the third quarter of 2015. US denominated WTI prices decreased by 52 percent and 49 percent for the three and nine months ended September 30, 2015.

For the third quarter and the first nine months of 2015, Altura's realized crude oil price fell by 46 percent and 42 percent, respectively, as compared to the comparable prior periods. This price decrease is primarily attributed to the decrease in WTI over the same time periods, partially offset by the effect of a narrowed differential between WTI and WCS crude oil prices and a weakened Canadian dollar.

Natural gas prices decreased in the third quarter and first nine months of 2015 as compared to the same periods in 2014 due to North American supply exceeding demand. Altura's average realized natural gas prices for the three and nine months ended September 30, 2015 of $3.05 per Mcf and $2.96 per Mcf, respectively, were higher than the average AECO daily spot index price during the same periods due to Altura's higher than average heat content in its natural gas.

Royalties

	Three months ended September 30,			Nine months ended September 30,		
$	**2015**	2014	% Change	**2015**	2014	% Change
Royalty expense	**58,225**	135,649	(57)	**193,140**	315,381	(39)
Royalty expense as a % of sales	**4.7%**	9.7%	(52)	**4.5%**	9.1%	(51)
Royalty expense per boe	**1.93**	7.50	(74)	**2.01**	6.63	(70)

In the third quarter of 2015, royalties as a percentage of sales were 4.7 percent, a decrease of 52 percent from the same period in 2014. On a year-to-date basis Altura's royalty rate decreased 51 percent in 2015. Royalties paid on crown lands are based on a sliding scale with sensitivity to both price and total volume produced. As such, due to the lower pricing environment throughout 2015, coupled with royalty incentives on the wells drilled in the second half of 2014, Altura realized lower royalty rates for the third quarter and first nine months of 2015 compared to the same periods in 2014.

Operating and Transportation Costs

	Three months ended September 30,			Nine months ended September 30,		
$	**2015**	2014	% Change	**2015**	2014	% Change
Operating and transportation	**457,686**	308,509	48	**1,365,063**	832,384	64
Operating and transportation per boe	**15.19**	17.06	(11)	**14.20**	17.49	(19)

For the three and nine months ended September 30, 2015 operating and transportation costs were $15.19 and $14.20 per boe, respectively. This represents decreases of 11 and 19 percent when compared with the same periods in 2014. The decrease is due to an increase in production volumes from the wells brought on-stream in the third and fourth quarters of 2014, which have a lower cost profile on a per boe basis than the Corporation's legacy wells. Negatively impacting operating and transportation costs in the third quarter of 2015 was a $40,000 ($1.33 per boe) expense relating to a prior period adjustment.

Operating Netbacks

	Three months ended September 30,			Nine months ended September 30,		
$/boe	**2015**	2014	% Change	**2015**	2014	% Change
Petroleum and natural gas sales	**41.12**	77.39	(47)	**44.80**	72.95	(39)
Royalties	**(1.93)**	(7.50)	(74)	**(2.01)**	(6.63)	(70)
Operating and transportation	**(15.19)**	(17.06)	(11)	**(14.20)**	(17.49)	(19)
Operating netback	**24.00**	52.83	(55)	**28.59**	48.83	(41)

Altura's operating netback was $24.00 per boe in the third quarter of 2015 compared to $52.83 per boe in the same period of 2014. On a year-to-date basis Altura's operating netback was $28.59 per boe in 2015 compared with $48.83 per boe in 2014. The quarterly and year-to-date decreases are the result of decreased commodity prices, offset by decreased royalty and operating and transportation costs.

General and Administrative ("G&A")

	Three months ended September 30,			Nine months ended September 30,		
$	**2015**	2014	% Change	**2015**	2014	% Change
Gross G&A	**542,114**	191,812	183	**1,125,764**	523,539	115
Capitalized	**(17,716)**	(28,096)	(37)	**(113,580)**	(83,968)	35
Net G&A expenses	**524,398**	163,716	220	**1,012,184**	439,571	130
Net G&A per boe	**17.40**	9.05	92	**10.53**	9.24	14

Net G&A expenses totaled $524,398 and $1,012,184 for the three and nine months ended September 30, 2015 respectively, which increased significantly from the same periods in 2014. The increase in G&A expenses is primarily due to the Reorganization and the appointment of the New Management Team, which added additional salary expense and

other employment related costs to ready the Corporation for future growth. Altura also incurred $86,371 ($2.87 per boe) in transitional related costs associated with legal expenses related to the annual information form, share consolidation and name change and consulting fees related to the management transition. Additionally, the Corporation recorded a bad debt expense of $39,464 ($1.31 per boe) related to doubtful accounts receivable in the third quarter of 2015.

Share-Based Compensation

	Three months ended September 30,			Nine months ended September 30,		
$	**2015**	2014	% Change	**2015**	2014	% Change
Share-based compensation	**423,378**	4,734	>500	**527,996**	29,546	>500
Capitalized share-based compensation	**-**	-	-	**(42,737)**	(5,343)	>500
Share-based compensation expense	**423,378**	4,734	>500	**485,259**	24,203	>500

The increase in share-based compensation expense in the third quarter and first nine months of 2015 from the same periods of 2014 is related to the Reorganization, which resulted in the cancellation of all outstanding stock options and the issuance of the Performance Warrants. In the third quarter, the Corporation recorded a charge of $309,181 on cancellation of stock options, which is the amount that would have been recognized over the remainder of the vesting period if the cancellation had not occurred. Additionally, share-based compensation expense in the third quarter includes $114,097 related to the issuance of the Performance Warrants to recognize the implied benefit of the Performance Warrants issued to officers and directors.

Interest and Financing Expenses

	Three months ended September 30,			Nine months ended September 30,		
$	**2015**	2014	% Change	**2015**	2014	% Change
Interest and financing expenses	**12,853**	3,720	246	**23,790**	3,720	>500
Interest and financing expenses per boe	**0.43**	0.21	105	**0.25**	0.08	213

Interest and financing expenses in the third quarter and the first nine months of 2015 relates primarily to standby charges associated with the Corporation's credit facility and accrued interest related to Part VII.6 tax on the 2014 flow-through share issuance.

Transaction Costs

	Three months ended September 30,			Nine months ended September 30,		
$	**2015**	2014	% Change	**2015**	2014	% Change
Transaction costs	**1,072,662**	-	-	**1,072,662**	-	-

Transaction costs of $1,072,662 are the non-recurring costs incurred to complete the Reorganization and include severance costs of former management, legal costs and advisory fees.

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

	Three months ended September 30,			Nine months ended September 30,		
$	**2015**	2014	% Change	**2015**	2014	% Change
DD&A	**671,158**	168,612	298	**1,408,211**	437,485	222
DD&A per boe	**22.27**	9.32	139	**14.64**	9.19	59

DD&A expense is a function of the estimated proved plus 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.

DD&A expense increased on an aggregate basis and on a per boe basis in the third quarter and first nine months of 2015 due to the increase in production volumes and a reduction in management's estimate of proved plus probable reserves and future development capital related to the decline in the economic conditions of the industry.

Impairment

Impairment is recognized when the carrying value of an asset or group of assets exceeds its recoverable amount, defined as the higher of its value in use or fair value less costs of disposal. Any asset impairment that is recorded is recoverable to its original value less any associated DD&A expense should there be indicators that the recoverable amount of the asset has increased in value since the time of recording the initial impairment. At September 30, 2015, Altura evaluated its exploration and evaluation assets and developed and producing assets on a cash generating unit ("**CGU**") basis for indicators of any potential impairment or related recovery and as a result of continued declines in forward commodity prices for crude oil and natural gas and a reduction in management's estimate of proved plus probable reserves, impairment tests were conducted.

The impairment test on developed and producing assets determined that the net book value exceeded the recoverable amount on a natural gas weighted CGU and Altura recognized a $1,639,000 impairment charge in the third quarter of 2015 (September 30, 2014 - $nil).

Additionally, the Corporation recorded a $711,664 impairment charge in the third quarter of 2015 (September 30, 2014 - $nil) related to exploration activities in certain areas with carrying values estimated to exceed the recoverable amounts. As at September 30, 2015, the Corporation determined there to be indicators of impairment regarding these E&E assets, based on the prolonged decline of crude oil prices, reallocations of future capital spending and upcoming land expiries. As a result, the Corporation impaired these exploration and evaluation assets principally comprised of historic land acquisition costs.

The results of the September 30, 2015 impairment test are sensitive to changes in any of the key judgments, such as a revision in reserves or resources, a change in forecast commodity prices, expected royalties, required future development expenditures or expected future production costs, which could decrease or increase the recoverable amounts of assets and result in additional impairment charges or recovery of impairment charges. For further information regarding the impairment charge for September 30, 2015, refer to notes 6 and 7 in the financial statements for the three and nine months ended September 30, 2015.

Investment

The Corporation holds 950,423 common shares in the share capital of a publicly traded company related to non-cash proceeds received in a disposition of certain oil and gas assets in 2011. The fair value at September 30, 2015 was $370,665.

The gain or loss in comprehensive income is determined by the change in the mark-to-market valuation of the shares from the end of the immediately prior reporting period. For the three months ended September 30, 2015, the Corporation recorded an unrealized gain of $38,017 (September 30, 2014 – $66,529). For the nine months ended September 30, 2015 the Corporation recorded an unrealized gain of $38,017 (September 30, 2014 – unrealized loss of $228,102).

Deferred Taxes

The Corporation has a deferred income tax recovery of $323,398 and $114,919 for the three and nine months ended September 30, 2015, respectively, compared to $nil for both respective periods in 2014. The deferred income tax recovery in the three and nine months ended September 30, 2015 is primarily due to a tax recovery recognized as a result of the $2,350,664 impairment of exploration and evaluation assets and property and equipment in the third quarter of 2015. As at September 30, 2015, the Corporation has 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 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,**		
$	**2015**	2014	% Change	**2015**	2014	% Change
Cash flow from operating activities	**(450,771)**	(119,579)	277	**942,585**	910,666	4
Transaction costs	**1,072,662**	-	-	**1,072,662**	-	-
Changes in non-cash working capital	**(413,324)**	913,650	(145)	**(278,321)**	989,262	(128)
Funds from operations	**208,567**	794,071	(74)	**1,736,926**	1,899,928	(9)
Per share – basic	**-**	0.02	(100)	**0.03**	0.06	(50)
Per share – diluted	**-**	0.02	(100)	**0.03**	0.06	(50)

Details of the change in funds from operations and corporate netback per boe from the three and nine months ended September 30, 2014 to the three and nine months ended September 30, 2015 are as follows:

	Three months ended September 30		**Nine months ended September 30**	
	$	**$/boe**	**$**	**$/boe**
Funds from operations - 2014	**794,071**	**43.90**	**1,899,928**	**39.91**
Volume variance	883,020	-	4,022,256	-
Price variance	(1,043,515)	(36.27)	(3,186,430)	(28.15)
Interest and other income	16,559	0.42	4,293	(0.16)
Royalties	77,424	5.57	122,241	4.62
Expenses:				
Operating and transportation	(149,177)	1.87	(532,679)	3.29
General and administrative	(360,682)	(8.35)	(572,613)	(1.29)
Interest and financing	(9,133)	(0.22)	(20,070)	(0.17)
Funds from operations - 2015	**208,567**	**6.92**	**1,736,926**	**18.05**

Funds from operations decreased by 74 percent in the third quarter of 2015 to $208,567 from $794,071 generated in the third quarter of 2014. The decrease reflects lower revenue due to significantly lower realized commodity prices, higher operating and transportation costs associated with the increased production, and higher G&A and interest expenses in the third quarter of 2015 as compared to the third quarter of 2014. Increased production volumes, reduced royalties, and increased interest income partially offset the reduction in commodity prices.

For the year-to-date, funds from operations decreased by $163,002 from $1,899,928 for the first nine months of 2014 to $1,736,926 for the first nine months of 2015. This decrease is also due to decreased revenue from significantly lower commodity prices as well as higher operating and transportation costs associated with the increased production and higher G&A and interest expenses, partially offset by increased production volumes, reduced royalties, and increased interest income.

Net Income (Loss)

	Three months ended September 30,			**Nine months ended September 30,**		
$	**2015**	2014	% Change	**2015**	2014	% Change
Net income (loss)	**(3,955,280)**	677,000	(>500)	**(3,391,823)**	2,474,668	(237)
Per share – basic	**(0.05)**	0.02	(344)	**(0.07)**	0.07	(192)
Per share – diluted	**(0.05)**	0.02	(344)	**(0.07)**	0.07	(192)

For the three and nine months ended September 30, 2015, Altura generated net losses of $3,955,280 and $3,391,823, respectively, this compares to net income of $677,000 and $2,474,668 for the respective periods in 2014. The change in the net income (loss) and net income (loss) per share were due primarily to decreased funds from operations, transaction costs related to the Reorganization, increased DD&A, impairment, and a gain on divestiture of assets in the nine months

ended September 30, 2014. Partially offsetting the increased net loss is a deferred income tax recovery in the third quarter and first nine months of 2015.

Capital Expenditures

$	Three months ended September 30, 2015	2014	% Change	Nine months ended September 30, 2015	2014	% Change
Geological and geophysical	**4,300**	393,342	(99)	**13,759**	412,826	(97)
Land	**112,994**	4,601	>500	**861,667**	297,146	190
Drilling and completions	**9,516**	2,029,245	(100)	**181,782**	4,446,153	(96)
Equipping and facilities	**26,408**	836,351	(97)	**89,605**	1,059,567	(92)
Other	**27,196**	-	-	**133,095**	-	-
	180,414	3,263,539	(94)	**1,279,908**	6,215,692	(79)
Property acquisitions	**-**	-	-	**256,960**	-	-
Property dispositions	**(20,000)**	-	-	**(20,000)**	(1,103,947)	(98)
Total capital expenditures and net acquisitions	**160,414**	3,263,539	(95)	**1,516,868**	5,111,745	(70)

Capital expenditures in the third quarter and first nine months of 2015 were significantly lower than the same periods in 2014 due to the Corporation's plan to limit capital expenditures in response to the current economic conditions that are challenging the industry. No wells were drilled in the first nine months of 2015, compared to six gross (4.6 net) wells drilled in the same period of 2014.

Decommissioning Liability

At September 30, 2015, Altura has recorded a decommissioning liability of $2,267,823 (December 31, 2014 - $1,882,866) 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 in order to calculate the undiscounted total future liability. The future liability has been discounted at the risk free rate of 1.45 percent (December 31, 2014 – 1.8 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 the decrease in the risk free rate combined with revisions to cost estimates.

Accretion expense is the increase in the decommissioning liability resulting from the passage of time. For the nine months ended September 30, 2015, accretion expense totaled $24,858 (September 30, 2014 - $30,762).

The Corporation's Liability Management Rating ("**LMR**") with the Alberta Energy Regulator ("**AER**") was 7.14 at September 30, 2015. 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's working capital changed from a deficit of $400,489 at December 31, 2014 to a surplus of $23,151,447 as at September 30, 2015 as a result of the equity financing in the third quarter of 2015. At September 30, 2015, the major components of Altura's current assets, were cash and cash equivalents (96.5 percent), the investment (1.5 percent) and revenue (1.3 percent) to be received from its marketers in respect of September 2015 production. Altura routinely assesses the financial strength of its marketers and joint venture partners, and has determined $39,464 of past due accounts receivable to be uncollectable and has booked an allowance for these amounts. Current liabilities largely consist of trade and joint venture payables (46 percent) and accrued liabilities (54 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 (the "**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

In the second quarter of 2015 the Corporation underwent a regular scheduled review of its Credit Facility which resulted in an increase of its borrowing limit from $5.0 million to $6.5 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, 2015, the working capital ratio under the terms of the Credit Facility was calculated to be 34.0:1 (December 31, 2014 – 3.85:1).

Shareholders' Equity

At September 30, 2015, there were 107,900,878 Common Shares outstanding, an increase of 72,573,279 compared to December 31, 2014. The number of shares outstanding have been adjusted on a retroactive basis for the share consolidation that was effected on October 16, 2015. The change in outstanding Common Shares is summarized in the following table:

	Number of common shares
Balance, December 31, 2014	35,327,599
Repurchase of common shares	(624,200)
Exercise of stock options	250,000
Issuance of common shares on recapitalization	62,723,526
Issuance of units on recapitalization	10,223,953
Balance, September 30, 2015	**107,900,878**

In the first half of 2015, the Corporation repurchased a total of 624,200 Common Shares for cancellation at a weighted average price of $0.46 per share pursuant to its Normal Course Issuer Bid.

In the third quarter, the Corporation closed three tranches of the Private Placement issuing (i) 10,223,953 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 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. 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. As at September 30, 2015 no warrants are exercisable.

At November 20, 2015, there were 108,921,002 Common Shares outstanding, 6,477,560 warrants outstanding,10,223,953 Performance Warrants outstanding and no stock options outstanding.

Liquidity

At September 30, 2015, Altura had working capital of $23,151,447, no debt and $6.5 million available on its Credit Facility. Altura expects to have adequate liquidity to fund its fourth quarter of 2015 and its preliminary 2016 capital expenditure forecast through a combination of available cash on hand, funds from operations and the $6.5 million Credit Facility, if required. Altura's ability to increase its borrowing capacity is based on its reserves value as determined by its external reserve evaluator.

If Altura undertakes any major acquisitions, management would expect to finance the transactions with a combination of 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

The Corporation was committed to incur exploration expenditures of $1,000,000 on or before December 31, 2015, related to the Flow-through Share issuance completed on December 29, 2014. As at September 30, 2015, the costs incurred for exploration expenditures were $181,725 leaving $818,275 to be spent on or before December 31, 2015. This commitment was fulfilled in November 2015 by drilling one gross (1.0 net) horizontal well in the North Klein area.

In November 2015, the Corporation entered into a lease issuance and drilling commitment agreement, whereby Altura acquired freehold petroleum leases in Alberta. Pursuant to the agreement, Altura has agreed to drill one horizontal commitment well by October 31, 2016. The Corporation is subject to a non-performance penalty of $500,000 if the commitment is not fulfilled.

SUMMARY OF QUARTERLY INFORMATION

	2015			2014				2013
Quarters Ended	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4
OPERATING								
Average daily production								
Crude oil (bbls/d)	**275**	282	355	456	173	102	137	116
Natural gas (mcf/d)	**267**	238	268	258	130	241	300	346
NGLs (bbls/d)	**8**	5	4	4	3	12	4	5
Total (boe/d)	**328**	327	404	503	197	154	191	179
Average realized sales price (CAD$)								
Crude oil ($/bbl)	**45.48**	58.23	43.73	68.00	83.78	89.25	81.96	68.00
Natural gas ($/mcf)	**3.05**	2.82	2.99	3.83	4.26	4.83	5.82	3.61
NGLs ($/bbl)	**17.16**	63.98	40.05	56.79	71.54	28.41	79.17	63.98
Total ($/boe)	**41.12**	53.02	40.84	64.41	77.39	62.56	69.58	52.92
OPERATING NETBACK ($ per boe)[1]								
Petroleum and natural gas sales	**41.12**	53.02	40.84	64.41	77.39	62.56	69.58	52.92
Royalty expenses	**1.93**	2.21	2.07	3.84	7.50	4.33	7.26	3.84
Operating and transportation costs	**15.19**	15.93	11.87	12.00	17.06	13.22	19.68	18.12
Operating netback[1]	**24.00**	34.88	26.90	48.57	52.83	45.01	42.64	30.96
FINANCIAL								
Petroleum and natural gas sales ($000)	**1,239**	1,580	1,489	2,917	1,400	874	1,198	869
Funds from operations ($000)[1]	**209**	803	725	1,909	794	484	621	277
Per share – basic and diluted ($)[1]	**-**	0.02	0.02	0.06	0.02	0.01	0.02	0.01
Cash flow from operating activities ($000)	**(451)**	727	666	2,667	(120)	482	548	721
Per share – basic and diluted ($)	**(0.01)**	0.02	0.02	0.08	-	0.01	0.02	0.02
Net income (loss) ($000)	**(3,955)**	201	362	1,102	677	158	1,639	25
Per share – basic and diluted ($)	**(0.05)**	0.01	0.01	0.03	0.02	-	0.05	-
Capital expenditures, net ($000)	**160**	968	388	776	3,264	2,305	(457)	870
Total assets	**40,811**	20,549	19,491	19,812	20,421	18,762	17,876	15,775
(Net debt)/ working capital surplus ($000)[1]	**23,151**	(515)	(208)	(400)	(2,294)	109	2,235	1,147
Shareholders' equity ($000)	**37,205**	16,250	16,192	15,868	14,388	13,706	13,543	11,884
Common shares outstanding								
Weighted average for the period - basic	**82,300,974**	35,074,699	34,399,610	34,360,208	34,327,599	34,327,599	34,327,599	33,066,730
Weighted average for the period - diluted	**82,300,974**	35,074,699	34,399,610	34,360,208	34,327,599	34,327,599	34,327,599	33,066,730
Shares outstanding, end of period	**107,900,878**	34,703,399	35,168,399	35,327,599	34,327,599	34,327,599	34,327,599	34,327,599

(1) Funds from operations, funds from operations per share, operating netback, and net debt 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 is the result of both the amount of oil volumes sold as well as Altura's realized price. The Corporation grew production in the second half of 2014 by bringing five gross (3.8 net) new wells on-stream. No new wells were drilled in the first three quarters of 2015 due to challenging economic conditions, which has resulted in declining production in the first and second quarters of 2015. Third quarter 2015 production was held flat with the second quarter of 2015 due to minor workover activity.

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 Reorganization.

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 October 2015, the IASB voted on the effective date of IFRS 16 "Leases" which replaces IAS 17 "Leases." The IASB is expected to issue the standard in 2015. For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. The standard will come into effect for annual periods beginning on or after January 1, 2019, with earlier adoption permitted if the entity is also applying IFRS 15 "Revenue from Contracts with Customers." The Corporation is currently evaluating the 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", "operating netback", "adjusted working capital surplus (deficit)" and "net debt". 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 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 net income (loss) plus transaction costs and non-cash items including deferred income tax (recovery) expense, depletion, depreciation and amortization expense, share-based compensation expense, impairment, the fair value of investments, flow-through share renunciation, (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 and interest and financing expense plus interest income on a per boe basis. Adjusted working capital surplus (deficit) includes current assets less current liabilities excluding the credit facility. Altura uses net debt as a measure to assess its financial position. Net debt includes outstanding bank indebtedness plus adjusted working capital surplus (deficit).

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", "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 budget,

including details of expected drilling and completion plans relating to such budget, financing sources for future capital, number of drilling locations, profitability of future drilling locations, break-even oil prices, potential acquisition opportunities, 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.

ALTURA ENERGY INC. (formerly Northern Spirit Resources Inc.)
INTERIM CONDENSED BALANCE SHEETS
(unaudited)

$ As at	**September 30, 2015**	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	**23,215,542**	181,040
Accounts receivable (note 11)	**397,671**	689,169
Prepaid expenses and deposits	**65,707**	9,212
Investment	**370,665**	332,648
	24,049,585	1,212,069
Exploration and evaluation (note 6)	**1,370,431**	1,446,483
Property and equipment (note 7)	**15,390,867**	17,153,986
Total assets	**40,810,883**	19,812,538
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	**847,138**	1,396,004
Decommissioning liability (note 9)	**51,000**	216,554
	898,138	1,612,558
Flow-through share premium (note 10b)	**490,965**	600,000
Decommissioning liability (note 9)	**2,216,823**	1,666,312
Deferred tax liability	**-**	65,853
Total liabilities	**3,605,926**	3,944,723
SHAREHOLDERS' EQUITY		
Share capital (note 10)	**37,389,945**	13,045,973
Warrants (note 10e)	**1,270,364**	1,295,270
Performance warrants (note 10f)	**114,097**	-
Contributed surplus	**1,318,690**	967,291
Retained earnings (deficit)	**(2,888,139)**	559,281
Total shareholders' equity	**37,204,957**	15,867,815
Commitments (note 13)		
Subsequent events (notes 13, 14)		
Total liabilities and shareholders' equity	**40,810,883**	19,812,538

See accompanying notes to the unaudited interim condensed financial statements

ALTURA ENERGY INC. (formerly Northern Spirit Resources Inc.)
INTERIM CONDENSED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(unaudited)

$	Three months ended September 30, 2015	2014	Nine months ended September 30, 2015	2014
REVENUE				
Petroleum and natural gas sales	**1,239,119**	1,399,614	**4,307,854**	3,472,028
Royalties	**(58,225)**	(135,649)	**(193,140)**	(315,381)
Interest income	**22,610**	6,051	**23,249**	18,956
	1,203,504	1,270,016	**4,137,963**	3,175,603
EXPENSES AND OTHER ITEMS				
Operating and transportation	**457,686**	308,509	**1,365,063**	832,384
General and administrative	**524,398**	163,716	**1,012,184**	439,571
Transaction costs (note 1)	**1,072,662**	-	**1,072,662**	-
Share-based compensation (note 10)	**423,278**	4,734	**485,259**	24,203
Interest and financing charges	**12,853**	3,720	**23,790**	3,720
Depletion, depreciation and amortization (note 7)	**671,158**	168,612	**1,408,211**	437,485
Accretion of decommissioning liability (note 9)	**7,500**	10,254	**24,858**	30,762
Impairment (notes 6, 7)	**2,350,664**	-	**2,350,664**	-
Gain on disposition of assets	**-**	-	**-**	(1,028,625)
	5,520,199	659,545	**7,742,691**	739,500
OTHER INCOME (EXPENSES)				
Flow-through share renunciation	**-**	-	**59,969**	266,667
Fair value of investments	**38,017**	66,529	**38,017**	(228,102)
	38,017	66,529	**97,986**	38,565
Net income (loss) before taxes	**(4,278,678)**	677,000	**(3,506,742)**	2,474,668
Deferred tax recovery	**(323,398)**	-	**(114,919)**	-
Net income (loss) and comprehensive income (loss)	**(3,955,280)**	677,000	**(3,391,823)**	2,474,668
Net income (loss) per share, basic and diluted (note 10d)	**(0.05)**	0.02	**(0.07)**	0.07

See accompanying notes to the unaudited interim condensed financial statements

ALTURA ENERGY INC. (formerly Northern Spirit Resources Inc.)
INTERIM CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited)

$	Share capital	Warrants	Performance warrants	Contributed surplus	Retained earnings (deficit)	Total Equity
December 31, 2013	12,672,558	1,295,270	-	932,825	(3,017,112)	11,883,541
Share-based compensation expense	-	-	-	29,545	-	29,545
Net income for period	-	-	-	-	2,474,668	2,474,668
Balance, September 30, 2014	**12,672,558**	**1,295,270**	**-**	**962,370**	**(542,444)**	**14,387,754**
December 31, 2014	13,045,973	1,295,270	-	967,291	559,281	15,867,815
Issued on recapitalization (note 10b)	24,619,774	-	-	-	-	24,619,774
Share issue costs (note 10b)	(232,794)	-	-	-	-	(232,794)
Exercise of stock options (note 10c)	187,500	-	-	(62,500)	-	125,000
Repurchase of common shares (note 10b)	(230,508)	-	-	-	(55,597)	(286,105)
Repurchase of warrants (note 10e)	-	(24,906)	-	-	-	(24,906)
Share-based compensation expense	-	-	114,097	371,162	-	485,259
Share-based compensation capitalized	-	-	-	42,737	-	42,737
Net loss for period	-	-	-	-	(3,391,823)	(3,391,823)
Balance, September 30, 2015	**37,389,945**	**1,270,364**	**114,097**	**1,318,690**	**(2,888,139)**	**37,204,957**

See accompanying notes to the unaudited interim condensed financial statements

ALTURA ENERGY INC. (formerly Northern Spirit Resources Inc.)
INTERIM CONDENSED STATEMENTS OF CASH FLOWS
(unaudited)

$	Three months ended September 30, **2015**	2014	Nine months ended September 30, **2015**	2014
CASH FLOW (USED IN) / FROM OPERATING ACTIVITIES				
Total comprehensive income (loss) for the period	**(3,955,280)**	677,000	**(3,391,823)**	2,474,668
Add items not involving cash:				
Deferred tax recovery	**(323,398)**	-	**(114,919)**	-
Depletion, depreciation and amortization	**671,158**	168,612	**1,408,211**	437,485
Accretion of decommissioning liability	**7,500**	10,254	**24,858**	30,762
Share-based compensation	**423,278**	4,734	**485,259**	24,203
Fair value of investment	**(38,017)**	(66,529)	**(38,017)**	228,102
Flow-through share renunciation	**-**	-	**(59,969)**	(266,667)
Impairment	**2,350,664**	-	**2,350,664**	-
Gain on disposition	**-**	-	**-**	(1,028,625)
Change in non-cash working capital	**413,324**	(913,650)	**278,321**	(989,262)
	(450,771)	(119,579)	**942,585**	910,666
CASH FLOW FROM FINANCING ACTIVITIES				
Increase (decrease) in credit facility	**(580,000)**	2,551,948	**-**	2,561,948
Proceeds from the issuance of common shares less share issue costs (note 10b)	**24,386,980**	-	**24,386,980**	-
Repurchase of common shares (note 10b)	**-**	-	**(286,105)**	-
Repurchase of warrants (note 10e)	**(24,906)**	-	**(24,906)**	-
Proceeds from the exercise of stock options	**125,000**	-	**125,000**	-
	23,907,074	2,551,948	**24,200,969**	2,561,948
CASH FLOW USED IN INVESTING ACTIVITIES				
Property and equipment expenditures	**(96,897)**	(922,293)	**(610,677)**	(1,420,215)
Exploration and evaluation asset expenditures	**(83,517)**	(2,341,246)	**(669,231)**	(4,795,477)
Property acquisitions	**-**	-	**(256,960)**	-
Property dispositions	**20,000**	-	**20,000**	1,103,947
Change in non-cash working capital	**(80,347)**	(1,625,373)	**(592,184)**	(269,974)
	(240,761)	(4,888,912)	**(2,109,052)**	(5,381,719)
CHANGE IN CASH AND CASH EQUIVALENTS	**23,215,542**	(2,456,543)	**23,034,502**	(1,909,105)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**-**	2,456,543	**181,040**	1,909,105
CASH AND CASH EQUIVALENTS, END OF PERIOD	**23,215,542**	-	**23,215,542**	-
Cash interest paid	**6,853**	3,720	**17,790**	3,720

See accompanying notes to the unaudited interim condensed financial statements

1. REPORTING ENTITY

Altura Energy Inc. ("**Altura**" or the "**Corporation**") (formerly Northern Spirit Resources Inc.) 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 entered into a definitive reorganization and investment agreement (the "**Reorganization**") which provided for a non-brokered private placement (note 10b), appointment of a new management team and a future rights offering to shareholders (note 14). Total costs incurred to complete the Reorganization of $1.1 million, including severance payments to former management and legal costs, have been included in transaction costs.

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 the share consolidation were effected on October 16, 2015. The number of shares, warrants and options outstanding have been adjusted on a retroactive basis.

2. BASIS OF PRESENTATION

Statement of Compliance

These interim condensed financial statements have been prepared by management in accordance with International Financial Reporting Standards ("**IFRS**") and International Accounting Standard ("**IAS**") 34 Interim Financial Reporting. These interim condensed financial statements have been prepared following the same accounting policies and methods of computation as the financial statements and notes for the year ended December 31, 2014 and should be read in conjunction with the audited financial statements and notes for the year ended December 31, 2014. In the opinion of management, these interim condensed financial statements contain all adjustments necessary to present fairly Altura's financial position as at September 30, 2015 and the results of its operations and cash flows for the three and nine months ended September 30, 2015 and 2014.

These interim condensed financial statements were approved by the Board of Directors on November 20, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Exploration and evaluation assets

Exploration and Evaluation ("**E&E**") costs incurred prior to acquiring the legal right to explore an area are charged directly to net income (loss). Costs incurred after the legal right to explore is obtained but before technical feasibility and commercial viability of the area has been established are capitalized as E&E assets. These costs generally include unproved property acquisition costs, geological and geophysical costs, sampling and appraisals, drilling and completion costs and other directly attributable administrative costs.

Once an area is determined to be technically feasible and commercially viable the accumulated costs are tested for impairment. The carrying value, net of any impairment, is then reclassified to property and equipment as a Developed and Producing ("**D&P**") asset. If an area is determined not to be technically feasible and commercially viable, or the Corporation discontinues its exploration and evaluation activity, any unrecoverable costs are charged to net income (loss).

(b) Property and equipment

Property and equipment, which include oil and gas D&P assets and administrative assets, are measured at cost less accumulated depletion, depreciation and accumulated impairment losses. D&P assets include mineral lease acquisitions, geological and geophysical, drilling and completion, facility and production equipment, other directly attributable administrative costs and the initial estimate of the costs of dismantling and removing an asset and restoring the site on which it was located.

Gains and losses on disposals of properties are determined by comparing the proceeds to the net carrying value of the properties and are recognized in net income (loss).

(c) Impairment

Developed and Producing Assets

D&P assets are aggregated into cash-generating units ("**CGUs**") for the purposes of impairment testing and depletion calculations. CGUs are groups of assets that generate independent cash inflows and are generally defined based on geographic areas, with consideration given to how the assets are managed.

D&P assets are reviewed for impairment at a CGU level when indicators of impairment exist. When indicators of impairment exist, the carrying value of each CGU is compared to its recoverable amount which is defined as the higher of its fair value less cost to sell or its value in use.

When the carrying value exceeds the recoverable amount an impairment loss is recognized in the statement of net income (loss) and comprehensive income (loss).

Reversals of impairments are recognized when events or circumstances that triggered the original impairment have changed. Impairments can only be reversed in future periods up to the carrying amount that would have been determined, net of depletion and depreciation, had no impairment losses been previously recognized.

Exploration and Evaluation Assets

E&E assets are assessed for impairment at the operating segment level. Impairment tests are carried out when E&E assets are transferred to development and production assets following the declaration of commercial reserves, and any time that circumstances arise which could indicate a potential impairment, including land lease expiries. An impairment is recognized if the total carrying values of E&E assets exceed the aggregate impairment cushions calculated for Altura's CGU's and is applied to reduce the carrying amount of E&E assets on a pro-rata basis. If E&E assets are subject to impairment testing in the same period in which there is an indication of impairment in one of Altura's CGU's, that CGU is first tested for impairment and any resulting impairment loss is recorded prior to conducting impairment tests on E&E assets.

4. 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 October 2015, the IASB voted on the effective date of IFRS 16 "Leases" which replaces IAS 17 "Leases." The IASB is expected to issue the standard in 2015. For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. The standard will come into effect for annual periods beginning on or after January 1, 2019, with earlier adoption permitted if the entity is also applying IFRS 15 "Revenue from Contracts with Customers." The Corporation is currently evaluating the impact of the standard on Altura's financial statements.

5. DETERMINATION OF FAIR VALUES

A number of the Corporation's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. The Corporation's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The fair value of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their carrying amounts due to their short term nature. Bank debt, when outstanding, bears interest at a floating market rate with applicable variable margins indicative of current market spreads, and accordingly the fair market value will generally approximate the carrying amount. Altura's investment and performance warrants have been assessed on the fair value hierarchy described above and classified as Level 1 and level 2, respectively.

6. EXPLORATION AND EVALUATION

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

($)	Total
Balance, December 31, 2013	1,596,197
Additions	4,857,036
Dispositions	(13,393)
Transfers to property and equipment	(4,993,357)
Balance, December 31, 2014	1,446,483
Additions	669,231
Transfers to property and equipment	(33,619)
Impairment	(711,664)
Balance, September 30, 2015	**1,370,431**

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.

Impairment

In the three months ended September 30, 2015, the Corporation recognized impairment of $711,664 on E&E assets related to exploration activities in certain areas with carrying values estimated to exceed the recoverable amounts. As at September 30, 2015, the Corporation determined there to be indicators of impairment regarding these E&E assets, based on the prolonged decline of crude oil prices, reallocations of future capital spending and upcoming land expiries. As a result, the Corporation impaired these E&E assets principally comprised of historic land acquisition costs.

7. PROPERTY AND EQUIPMENT

The following table reconciles Altura's property and equipment:

Cost ($)	**Developed and Producing Assets**	**Administrative Assets**	**Total**
Balance, December 31, 2013	12,569,969	4,402	12,574,371
Additions	2,522,114	-	2,522,114
Transfers from E&E assets	4,993,357	-	4,993,357
Dispositions	(192,075)	-	(192,075)
Change in decommissioning costs	(154,492)	-	(154,492)
Balance, December 31, 2014	19,738,873	4,402	19,743,275
Additions	633,904	19,510	653,414
Acquisitions	426,900	-	426,900
Dispositions	(20,000)	-	(20,000)
Transfers from E&E assets	33,619	-	33,619
Change in decommissioning costs	190,159	-	190,159
Balance, September 30, 2015	**21,003,455**	**23,912**	**21,027,367**
Depletion, depreciation and impairment ($)			
Balance, December 31, 2013	(1,655,597)	(2,489)	(1,658,086)
Depletion, depreciation and amortization	(938,502)	(546)	(939,048)
Dispositions	7,845	-	7,845
Balance, December 31, 2014	(2,586,254)	(3,035)	(2,589,289)
Depletion, depreciation and amortization	(1,406,716)	(1,495)	(1,408,211)
Impairment	(1,639,000)	-	(1,639,000)
Balance, September 30, 2015	**(5,631,970)**	**(4,530)**	**(5,636,500)**
Carry amounts ($)			
As at December 31, 2014	17,152,619	1,367	17,153,986
As at September 30, 2015	**15,371,485**	**19,382**	**15,390,867**

At September 30, 2015, estimated future development costs of $14,446,500 (December 31, 2014 – $35,986,750) 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 P&NG properties and equipment of $156,317 in the nine months ended September 30, 2015 (December 31, 2014 – $153,493).

Impairment

At September 30, 2015, Altura evaluated its CGUs for indicators of any potential impairment or related recovery. As a result of continued declines in forward commodity prices for crude oil and natural gas and a reduction in management's estimate of proved plus probable reserves, impairment tests were conducted at September 30, 2015 on each of Altura's CGUs. In estimating the recoverable amount of each CGU, the following information was incorporated:

- the net present value of the before-tax cash flows from proved plus probable oil and gas reserves of each CGU based on reserves estimated by a member of management who is a qualified reserves evaluator as at September 30, 2015;
- the fair value of undeveloped land based on management estimates; and,
- recent transactions completed within the industry on assets with similar geological and geographic characteristics within the relevant CGU.

Key input estimates used in the determination of cash flows from oil and gas reserves include the following:

a) Reserves and resources – Assumptions that are valid at the time of reserve and resource estimation may change significantly when new information becomes available. Changes in forward price estimates, production costs, required capital expenditures or recovery rates may change the economic status of reserves and resources and may ultimately result in reserves and resources being restated.

b) Crude oil and natural gas prices – Forward price estimates of the crude oil and natural gas prices are used in the cash flow model. Commodity prices have fluctuated widely in recent years due to global and regional factors

including supply and demand fundamentals, inventory levels, exchange rates, weather, economic and geopolitical factors.

c) Discount rate – The discount rate used to calculate the net present value of cash flows is based on estimates of an approximate industry peer group weighted average cost of capital. Changes in the general economic environment could result in significant changes to this estimate.

The estimated recoverable amounts were based on fair value less costs of disposal calculations using a 12.5 percent before-tax discount rate, which was based on an estimated industry weighted average cost of capital for the assets in the CGUs, and the following forward commodity price estimates:

	WTI Oil ($US/bbl)(1,2)	Alberta Bow River Hardisty Crude Oil ($CAD/bbl) (1,2)	AECO gas ($CAD/mmbtu) (1,2)	$US/$CAD(1,2)
2015 3 mo. estimate	50.00	50.50	2.90	0.76
2016	55.00	57.30	3.35	0.76
2017	61.20	62.40	3.65	0.78
2018	65.00	66.40	3.85	0.78
2019	69.00	68.80	4.00	0.80
2020	73.10	73.10	4.25	0.80
2021	77.30	77.40	4.45	0.80
2022	81.60	81.90	4.70	0.80
2023	86.20	86.70	5.00	0.80
2024	87.90	88.40	5.10	0.80
2025	89.60	90.10	5.20	0.80
2026	91.40	92.00	5.30	0.80
2027	93.30	93.80	5.40	0.80
2028	95.10	95.60	5.50	0.80
2029	97.00	97.60	5.60	0.80
thereafter	+2.0%/yr	+2.0%/yr	+2.0%/yr	

(1) Source: McDaniel & Associates Consultants Ltd.

(2) Product sale prices will reflect these reference prices with further adjustments for product quality differentials and transportation to point of sale.

At September 30, 2015 it was determined that the net book value of the Natural Gas weighted CGU exceeded the recoverable amount and Altura recognized a $1,639,000 impairment charge. The recoverable amount of $98,000 was determined using a before-tax discount rate of 12.5 percent.

The results of the September 30, 2015 impairment test are sensitive to changes in any of the key judgments, such as a revision in reserves or resources, a change in forecast commodity prices, expected royalties, required future development capital expenditures or expected future production costs, which could decrease or increase the recoverable amounts of assets and result in additional impairment charges or recovery of impairment charges.

Acquisitions / Dispositions

During the nine months ended September 30, 2015, the Corporation acquired increased working interests of non-producing properties in the Wildmere area for cash proceeds of $256,960. The Corporation also assumed $169,940 in a decommissioning liability.

In the three months ended September 30, 2015, Altura divested a parcel of land for $20,000. The Corporation did not record a gain or loss on the divesture as the carrying value approximated the proceeds received.

8. CREDIT FACILITY

As at September 30, 2015, the Corporation has a revolving operating demand loan (the "**Credit Facility**") with a Canadian chartered bank (the "**Lender**") with a maximum borrowing limit of $6,500,000. 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 $500,000. A standby fee calculated at a rate of 0.40 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 $12,000,000 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, 2015, the working capital ratio as defined was 34.0:1 (December 31, 2014 – 3.85:1).

As at September 30, 2015 the Credit Facility was undrawn (December 31, 2014 - $nil) and Altura had no outstanding letters of credit.

9. 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 amount of cash flows required to settle its decommissioning obligations as at September 30, 2015 to be approximately $2,510,000 (December 31, 2014 – $2,052,000) with the majority of costs anticipated to be incurred between 2021 and 2024. A risk-free discount rate of 1.5 percent (December 31, 2014 – 1.8 percent) and an inflation rate of 2.0 percent (December 31, 2014 – 2.0 percent) was used to calculate the fair value of the decommissioning liability. A reconciliation of the decommissioning liability is provided below:

($)	**Nine months ended September 30, 2015**	Year ended December 31, 2014
Balance, beginning of period	**1,882,866**	1,874,533
Additions	**-**	271,950
Dispositions	**-**	(121,709)
Liabilities acquired	**169,940**	-
Change in estimates[(1)]	**190,159**	(154,492)
Decommissioning liabilities settled	**-**	(33,100)
Accretion	**24,858**	45,684
Balance, end of period	**2,267,823**	1,882,866
Current portion of decommissioning liability	**51,000**	216,554
Long-term portion of decommissioning liability	**2,216,823**	1,666,312

(1) The change in estimates consists of a change in the risk-free discount rate of $56,744 (December 31, 2014 – $80,083) and a change in abandonment and remediation cost estimates and future abandonment dates of $133,415 (December 31, 2014 – $234,575 credit).

10. 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 ($)**
Balance, December 31, 2013	34,327,599	12,672,558
Issuance of flow-through common shares (i)	1,000,000	400,000
Share issue costs, net of taxes of $43,945	-	(26,585)
Balance, December 31, 2014	35,327,599	13,045,973
Repurchase of common shares (ii)	(624,200)	(230,508)
Exercise of stock options (note 10c)	250,000	187,500
Issuance of common shares on recapitalization (iii)	62,723,526	21,169,190
Issuance of units on recapitalization (iii)	10,223,953	3,450,584
Share issue costs	-	(232,794)
Balance, September 30, 2015	**107,900,878**	**37,389,945**

Subsequent to September 30, 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 29, 2014 the Corporation issued, on a private placement basis, 1,000,000 common shares of the Corporation ("**Common Shares**"), on a "flow-through" basis pursuant to the Income Tax Act (Canada), in respect of Canadian exploration expense ("**Flow-through Shares**") at an issue price of $1.00 per Flow-

through Share for aggregate gross proceeds of $1,000,000. The tax pools were renounced to the shareholders for the fiscal year 2014. The Corporation has until December 31, 2015 to incur the $1,000,000 in exploration expenditures. The implied premium on the Flow-through Shares was determined to be $600,000 or $0.60 per share. The Corporation incurred $70,530 ($26,585 net of tax) in commissions and legal costs pursuant to the private placement. As at September 30, 2015, the Corporation had fulfilled $181,725 of the eligible expenditures and has reversed $109,035 of the flow-through share premium liability. This commitment was fulfilled in November 2015.

ii) 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 nine months ended September 30, 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 $55,597 was charged to retained earnings (deficit).

iii) 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 10f). Share issue costs on the private placement totaled $232,794.

(c) Share-based payments:

The Corporation has a stock option plan for directors, employees and service providers. Stock options granted under the stock option plan have a term of 5 years to expiry. One third of the options granted vested immediately, and the remaining two thirds of the options vest on the first, and second anniversaries of the date of grant. 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. No stock options were exercised in the 2014 comparative periods. At September 30, 2015 the Corporation had no stock options outstanding.

In the nine months ended September 30, 2015, the fair value of $0.29 per stock option granted was estimated using the Black Scholes model using the following assumptions: exercise price of $0.50; risk free rate of 0.72 percent; volatility of 110 percent; forfeiture rate of 12 percent; and expected life of 3.0 years.

A summary of the Corporation's outstanding stock options at September 30, 2015 is presented below:

	Number of Stock Options	Weighted Average Exercise Price ($)
Balance, December 31, 2013 and 2014	1,510,000	1.00
Granted	1,550,000	0.50
Exercised	(250,000)	0.50
Cancelled (i)	(2,810,000)	0.77
Balance, September 30, 2015	**-**	**-**

i) All outstanding stock options were terminated on July 31, 2015 in accordance with the Reorganization and the Corporation recorded a charge to net income (loss) of $309,181 on cancellation of stock options, which is the amount that would have been recognized over the remainder of the vesting period if the cancellation had not occurred.

(d) Weighted average common shares:

	Three months ended September 30,		**Nine months ended September 30,**	
	2015	2014	**2015**	2014
Basic	**82,300,974**	34,327,599	**51,060,126**	34,327,599
Diluted	**82,300,974**	34,327,599	**51,060,126**	34,327,599

(e) Warrants:

	Number of Warrants	Amount ($)	Exercise Price ($)	Average Remaining life (years)
Warrants				
Balance, December 31, 2013 and 2014	8,625,960	1,295,270	1.00	0.3
Repurchase of warrants (i)	(2,148,400)	(24,906)	0.012	0.3
Balance, September 30, 2015	6,477,560	1,270,364	1.00	0.3

i) In accordance with the Reorganization, the Corporation repurchased 2,148,400 warrants for $24,906. All remaining regular warrants, exercisable at $1.00 per share, expire on December 31, 2015.

(f) Performance Warrants:

On July 31, and August 28, 2015, as part of the Reorganization, the Corporation issued 10,223,953 Performance Warrants to officers and directors. 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. As at September 30, 2015 no warrants are exercisable. On the grant date the 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 recorded an expense of $114,097 to share-based compensation in the three months ended September 30, 2015. The fair value of the Performance Warrants is being expensed over the expected life.

11. 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, the investment and accounts receivable.

The majority of the credit exposure on accounts receivable at September 30, 2015 pertains to accrued revenue for September 2015 production volumes. Altura currently transacts with one oil and natural gas marketing company and is therefore subject to concentration risk. The marketing company typically remit amounts to Altura by the 25th day of the month following production. At September 30, 2015, 80 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, 2015.

At September 30, 2015, the Corporation's trade receivables have been aged as follows:

	September 30, 2015	December 31, 2014
Current	**347,768**	623,082
31 – 60 days	**7,319**	2,996
61 – 90 days	**344**	6,490
> 90 days	**81,704**	56,601
Allowance for doubtful accounts	**(39,464)**	-
Total	**397,671**	689,169

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, 2015 management determined $39,464 of accounts receivable past due to be uncollectable and as such booked an allowance for these amounts (December 31, 2014 - $nil).

12. CAPITAL MANAGEMENT

The Corporation's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. The Corporation considers its capital structure to include shareholders' equity, bank debt, if any, and adjusted working capital. In order to maintain or adjust the capital structure, the Corporation may from time to time issue shares and adjust its capital spending to manage current and projected debt levels. The annual and updated budgets are approved by the Board of Directors.

The key measure that the Corporation utilizes in evaluating its capital structure is net debt to annualized funds from operations, which is defined as bank debt plus adjusted working capital, to annualized funds from operations (based on the most recent quarter), defined as cash flow from operating activities before changes in non-cash working capital, decommissioning expenditures and transaction costs. Net debt to annualized funds from operations represents a measure of the time it is expected to take to pay off the debt if no further capital expenditures were incurred and if cash flow in the next year were equal to the amount in the most recent quarter annualized.

The Corporation monitors this ratio and endeavors to maintain it at, or below, 1.0 to 1.0 in a normalized commodity price environment. This ratio may increase at certain times as a result of acquisitions or low commodity prices. As shown below, as at September 30, 2015, the Corporation's ratio of net debt to annualized funds from operations was nil as Altura had no debt and an adjusted working capital surplus (December 31, 2014 – 0.1:1.0).

$	**September 30, 2015**	December 31, 2014
Net debt:		
Credit Facility[(1)]	**-**	-
Adjusted working capital surplus (deficit)[(2)]	**23,151,447**	(400,489)
(Net debt) / working capital surplus	**23,151,447**	(400,489)
Annualized funds from operations:		
Quarterly cash flow from operating activities	**(450,771)**	2,633,914
Changes in non-cash working capital	**(413,324)**	(758,367)
Decommissioning expenditures	**-**	33,100
Transaction costs	**1,072,662**	-
Quarterly funds from operations	**208,567**	1,908,647
Annualized funds from operations	**834,268**	7,634,588
Net debt to annualized funds from operations	**-**	0.1

(1) The Corporation has a $6.5 million Credit Facility (December 31, 2014 - $5.0 million). The Corporation's lender requires quarterly compliance that the working capital ratio (current assets excluding the fair value of any financial instruments plus any undrawn portion of the Credit Facility divided by current liabilities excluding any amount drawn on the credit facilities, and the fair value of any financial instruments) is not less than 1:1. As at September 30, 2015, the Corporation's working capital ratio was 34.0:1 (December 31, 2014 – 3.85:1).

(2) Adjusted working capital surplus (deficit) is defined as current assets less current liabilities excluding the amount drawn on the Credit Facility.

The Corporation has not paid or declared any dividends since the date of incorporation, nor are any contemplated in the foreseeable future. There have been no changes in the Corporation's approach to capital management since December 31, 2014.

13. COMMITMENTS

The Corporation is committed to incur exploration expenditures of $1,000,000 on or before December 31, 2015, related to the Flow-through Share issuance completed on December 29, 2014, as indicated in note 10b. The Corporation will be subject to Part XII.6 tax based on the prescribed rate on the balance of exploration expenditures not yet incurred at the end of each month subsequent to January 31, 2015. As at September 30, 2015, the costs incurred for exploration expenditures were $181,725 leaving $818,275 to be spent on or before December 31, 2015. This commitment was fulfilled in November 2015.

In November 2015, the Corporation entered into a Lease Issuance and Drilling Commitment Agreement, whereby Altura acquired freehold petroleum leases in Alberta. Pursuant to the agreement, Altura has agreed to drill one horizontal commitment well by October 31, 2016. The Corporation is subject to a non-performance penalty of $500,000 if the commitment is not fulfilled.

14. SUBSEQUENT EVENTS

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 approximately $0.34 million.

On October 16, 2015, the Corporation announced that it has implemented its previously approved first of two consecutive share consolidations (the "**Consolidations**") of the Common Shares of the Corporation on the basis of one new Common Share for every 10 existing Common Shares and a name change from "Northern Spirit Resources Inc." to "Altura Energy Inc." (the "**Name Change**"). The Consolidations and the Name Change were approved at the special meeting of the shareholders of the Corporation held on September 30, 2015. The number of shares, warrants and options outstanding have been adjusted on a retroactive basis. A second share consolidation on the basis of one new Common Share for every four existing Common Shares may occur a minimum of 60 days after completion of the first Consolidation as determined by the Corporation, or earlier as may be determined by the board of directors of the Corporation (the "Board") and acceptable to the TSX Venture Exchange.

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
President & Portfolio Manager
Andylan Capital Strategies Ltd.

OFFICERS

David Burghardt
President & Chief Executive Officer

Travis Stephenson
Vice President, Engineering

D. Robert Pinckston
Vice President, Exploration

Maureen Keough
Vice President, Land

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**