



## Altura Energy Inc. Announces Q3 2020 Financial and Operating Results

November 19, 2020

**Calgary, Alberta** - Altura Energy Inc. ("Altura" or the "Corporation") (TSXV: ATU) announces its financial and operating results for the three and nine months ended September 30, 2020. The unaudited interim condensed consolidated financial statements and related management's discussion and analysis ("MD&A") are available at [www.sedar.com](http://www.sedar.com) and [www.alturaenergy.ca](http://www.alturaenergy.ca). Selected financial and operating information for the three and nine months ended September 30, 2020 appear below and should be read in conjunction with the related financial statements and MD&A.

### OPERATIONAL AND FINANCIAL SUMMARY

	Three Months Ended			Nine months ended	
	September 30, 2020	June 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
<b>OPERATING</b>					
Average daily production					
Heavy oil (bbls/d)	512	213	1,150	464	1,190
Light & medium oil (bbls/d)	16	-	-	8	22
Natural gas (Mcf/d)	2,118	1,154	3,733	2,066	3,057
NGLs (bbls/d)	38	30	108	52	81
Total (boe/d)	919	435	1,880	868	1,803
Total boe/d per million shares – diluted	8.4	4.0	17.2	8.0	16.4
Average realized prices					
Heavy oil (\$/bbl)	40.19	21.39	55.31	33.93	56.01
Light & medium oil (\$/bbl)	43.79	-	-	36.21	48.97
Natural gas (\$/Mcf)	2.45	2.06	0.95	2.26	1.36
NGLs (\$/bbl)	25.83	6.46	24.42	19.97	26.80
Average realized price (\$/boe)	29.87	16.36	37.12	25.04	41.09
(\$/boe)					
Petroleum and natural gas sales	29.87	16.36	37.12	25.04	41.09
Realized gain (loss) on financial instruments	0.51	16.60	(0.22)	5.59	0.28
Royalties	(2.63)	0.28	(4.20)	(1.83)	(4.09)
Operating	(13.85)	(16.27)	(6.92)	(13.46)	(8.14)
Transportation	(2.51)	(2.46)	(2.93)	(2.49)	(3.79)
Operating netback <sup>(1)</sup>	11.39	14.51	22.85	12.85	25.35
General and administrative	(5.71)	(7.98)	(2.16)	(5.03)	(2.56)
Exploration expense	-	-	-	-	(0.04)
Interest and financing expense (cash)	(1.21)	(1.42)	(0.27)	(0.75)	(0.35)
Adjusted funds flow per boe <sup>(1)</sup>	4.47	5.11	20.42	7.07	22.40
<b>FINANCIAL</b> (\$000, except per share amounts)					
Petroleum and natural gas sales	2,526	647	6,420	5,956	20,226
Cash flow from operating activities	505	512	3,181	2,200	9,039
Per share – diluted	-	-	0.03	0.02	0.08
Adjusted funds flow <sup>(1)</sup>	378	204	3,532	1,684	11,031
Per share – diluted <sup>(1)</sup>	-	-	0.03	0.02	0.10
Net income (loss)	(360)	(1,247)	298	(33,136)	2,271
Per share – basic	-	(0.01)	-	(0.30)	0.02
Per share – diluted	-	(0.01)	-	(0.30)	0.02
Capital expenditures	469	218	3,553	7,769	11,356
Property acquisitions (dispositions), net	(875)	(871)	-	(1,746)	-
Total capital expenditures, net	(406)	(653)	3,553	6,023	11,356
Net debt <sup>(1)</sup>	4,560	5,335	5,130	4,560	5,130
Common shares outstanding (000)					
End of period – basic	108,921	108,921	108,921	108,921	108,921
Weighted average for the period – basic	108,921	108,921	108,921	108,921	108,921
Weighted average for the period – diluted	108,921	108,921	109,517	108,921	110,191

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

### THIRD QUARTER 2020 REVIEW

Production volumes averaged 919 boe per day in the third quarter, a 111% increase from the second quarter of 2020 due to the Corporation restarting wells in the Leduc-Woodbend area that were voluntarily curtailed in the second quarter due to the severe decline in crude oil prices caused by the COVID-19 pandemic and OPEC production quota concerns. Third-party gas processing restrictions delayed approximately 125 boe per day of production in the quarter which is expected to be back online in January 2021.

The Entice well was restarted in June and then shut-in in August to manage gas conservation requirements and evaluate the next steps to continue the production test. The well was drilled over 20 kms away and 100m down-dip from the nearest production analog with 33,000 barrels of 31° API oil proving the large extent of this hydrocarbon accumulation. Management is continuing technical work on the play and is planning on testing the up-dip portion of the pool through the recompletion of an existing vertical well in 2021.

Altura's realized heavy oil price increased 88% to \$40.19 per barrel in the third quarter compared to \$21.39 per barrel in the second quarter of 2020 but decreased 27% compared to \$55.31 per barrel in the third quarter of 2019.

Operating expenses in the third quarter were \$13.85 per boe, compared to \$16.27 per boe in the second quarter of 2020. The decrease was due to higher production volumes, partially offset by repair and maintenance costs associated with well workovers in the third quarter. Transportation expenses were \$2.51 per boe, consistent with \$2.46 per boe in the second quarter of 2020.

The Corporation's operating netback<sup>1</sup> averaged \$11.39 per boe, down 22% from the second quarter of 2020 due to a decreased realized gain on financial instruments and increased royalty expenses, partially offset by higher crude oil and natural gas prices and lower operating expenses.

Adjusted funds flow<sup>1</sup> was \$378,000 in the quarter, up 85% from the second quarter of 2020 due to higher production volumes, increased crude oil and natural prices and lower per unit operating expenses, partially offset by higher royalties and a decreased realized gain on financial instruments.

Altura received \$74,000 under the Canada Emergency Wage Subsidy in the third quarter, which was applied against G&A expenses.

Altura recorded a net loss of \$360,000 in the quarter compared to a net loss of \$1.2 million in the second quarter of 2020.

Third quarter capital expenditures of \$469,000 focused primarily on land-related expenditures at Altura's core Leduc-Woodbend area.

In August, Altura and its lender completed the redetermination of its revolving operating demand loan (the "Operating Loan") and the borrowing base was confirmed at \$6.0 million. Additionally, Altura secured a \$3.0 million term loan from its lender through the Business Credit Availability Program from the Export Development Bank of Canada (the "Term Loan"). The Operating Loan and the Term Loan (collectively the "Credit Facilities") provide Altura with \$9.0 million of total Credit Facilities.

Altura reduced its net debt by \$775,000 during the third quarter. Considering Altura's net debt of \$4.6 million as at September 30, 2020, the Corporation has sufficient liquidity to execute its business plan in the current volatile commodity market.

On September 30, 2020, Altura divested of a 1.375% working interest in the Corporation's production, wells, lands and facilities for cash of \$875,000 as outlined in the Corporation's September 30, 2020 news release.

Altura has been approved for abandonment and reclamation funding of \$508,000 under the Alberta Site Rehabilitation Program ("SRP"). The grant funding consists of \$373,000 under Period 1 and \$135,000 under Period 3. The Corporation expects to start utilizing the grants in the fourth quarter of 2020 to abandon up to five inactive wells and reclaim three wells that were previously abandoned at an estimated total cost of \$251,000.

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

## OUTLOOK

Crude oil and natural gas prices have improved since the beginning of May, but volatility remains high with continued uncertainty surrounding the COVID-19 pandemic. Altura remains focused on protecting balance sheet strength and no new wells are currently planned to be drilled or completed in the fourth quarter of 2020.

October 2020 production is estimated at approximately 975 boe per day based on field estimates. 125 boe per day remains shut-in from the second quarter due to third party curtailment and is expected to be restarted in January 2021. The Corporation forecasts production volumes to range between 900 and 1,000 boe per day for the second half of 2020. Through cash flow, Altura is forecasting to reduce its net debt to approximately \$4.2 million by the end of the year<sup>1</sup>.

Altura expects to close two additional dispositions of a 1.375% working interest for \$875,000 each on January 31, 2021 and June 30, 2021 (total remaining disposition of 2.75% working interest for \$1,750,000), as disclosed in the June 30, 2020 news release.

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

## ABOUT ALTURA ENERGY INC.

Altura is a junior oil and gas exploration, development and production company with operations in central Alberta. Altura predominantly produces from the Rex member in the Upper Mannville group and is focused on delivering per share growth and attractive shareholder returns through a combination of organic growth and strategic acquisitions.

## READER ADVISORIES

### Forward-looking Information and Statements

This press release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "budget", "forecast", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "strategy" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this press release contains forward-looking information and statements pertaining to:

- uncertainty about the COVID-19 pandemic and the impact it will have on Altura's operations, the demand for Altura's products, and economic activity in general;
- Altura's plan to bring shut-in wells on production at Leduc-Woodbend in January 2021;
- plans to test the up-dip portion of the Entice pool through the recompletion of an existing vertical well in 2021;
- forecasted production volumes to range between 900 and 1,000 boe per day for the second half of 2020;
- the expected closing of two additional dispositions of a 1.375% working interest for \$875,000 each on January 31, 2021 and June 30, 2021; and,
- forecasted reduction of net debt to approximately \$4.2 million by the end of the year.

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

- the continued performance of Altura's oil and gas properties in a manner consistent with its past experiences;
- that Altura will continue to conduct its operations in a manner consistent with past operations;
- the return of industry conditions to pre-COVID-19 levels;
- the continuance of existing (and in certain circumstances, the implementation of proposed) tax, royalty and regulatory regimes;
- the accuracy of the estimates of Altura's reserves and resource volumes;
- certain commodity price and other cost assumptions;
- the continued availability of oilfield services; and

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<sup>1</sup> Key assumptions for net debt forecast:

Second half of 2020 WTI US\$40.56/bbl, WCS diff US\$9.23/bbl, FX 0.758 \$US/\$, AECO CAD\$2.35/GJ, average production 900 – 1,000 boe per day, and operating and transportation costs of \$16.00 per boe

- the continued availability of adequate debt and equity financing and cash flow from operations to, among other things, fund its planned expenditures.

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

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

- the COVID-19 pandemic and related disruptions in oil and gas markets, including the duration and impacts thereof;
- changes in commodity prices including, without limitation, as a result of COVID-19 pandemic;
- changes in commodity prices including, without limitation, as a result of the COVID-19 pandemic and related disruptions in oil and gas markets;
- unanticipated operating results or production declines;
- public health crises, such as the recent outbreak of COVID-19 and the related economic disruption that can result in volatility in financial markets, disruption to global supply chains, and the ability to directly and indirectly staff the Corporation's day to day operations;
- 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 or debt markets;
- increased costs;
- a lack of adequate insurance coverage;
- the impact of competitors; and
- certain other risks detailed from time to time in Altura's public documents.

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

## **Oil and Gas Advisories**

### ***Barrels of Oil Equivalent***

The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. Per boe amounts have been calculated by using the conversion ratio of six thousand cubic feet (6 Mcf) of natural gas to one barrel (1 Bbl) of crude oil. The boe conversion ratio of 6 Mcf to 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalent of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

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