



Altura Energy Inc. Announces Acquisition of Strategic High Quality Low Decline Oil Assets in East Central Alberta

August 26, 2016

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Calgary, Alberta - Altura Energy Inc. ("Altura" or the "Corporation") (TSX Venture: ATU) is pleased to announce it has entered into an agreement to purchase high quality oil assets (the "Assets" or "Acquisition") strategically located in east central Alberta for cash consideration of \$4.0 million, subject to customary closing adjustments. The Assets add 125 boe/d of low decline production and include facility infrastructure and a natural gas pipeline for future growth. The Acquisition is effective August 1, 2016 and is expected to close by September 21, 2016.

The Acquisition is consistent with Altura's return on capital strategy focused on acquiring under developed assets targeting the shallow, low cost, multi-zone, medium oil weighted section of the Upper Mannville. The Assets include 125 boe/d (55% oil and liquids) of 28° API oil from the Upper Mannville Formation and 7.3 net sections of land concentrated in the Killam area of Alberta, approximately forty miles west of Wainwright, Alberta. The Assets are 100 percent operated and have a low base production decline estimated at 10 percent per year from a high quality sandstone reservoir. Management has identified 12 Upper Mannville horizontal drilling locations based on current approved well spacing. In addition to the drilling inventory there is potential to improve oil recovery by expanding the pilot waterflood throughout other prospective areas in the field.

The Acquisition has a Licensee Management Rating ("LMR") of 1.58. Upon closing the Acquisition, the Corporation will have an LMR of 3.85.

ACQUISITION SUMMARY

| | |
|---|-----------------|
| Purchase price | \$4.0 million |
| Current production | 125 boe/d |
| Base production decline | 10% per year |
| Proved developed producing reserves ⁽¹⁾ | 415 mboe |
| Proved developed producing BT NPV10 ⁽¹⁾⁽²⁾ | \$4.0 million |
| Proved developed producing RLI ⁽³⁾ | 9.1 years |
| Current operating netback ⁽⁴⁾ | \$17.30 per boe |

Note:

- (1) Gross reserves are the Assets' total working interest reserves before the deduction of any royalties and including any royalty interests receivable on the Assets. Gross reserve estimates are based on Altura's internal evaluation and were prepared by a member of Altura's management who is a qualified reserves evaluator in accordance with National Instrument 51-101 effective August 1, 2016.
- (2) Before tax net present value based on a 10 percent discount rate and McDaniel & Associates Consultants' July 1, 2016 forecast prices. Estimated values of future net revenues do not represent the fair market value of the reserves.
- (3) Based on current production of 125 boe/d.
- (4) Based on Altura's forecast WTI of US\$50.00/bbl, an exchange rate of 0.77 CAD/USD and \$2.50/mcf for natural gas. Operating netback is a non-GAAP measure. Refer to the Non-GAAP measures section of this press release.

ACQUISITION METRICS

| | |
|---|--------------------|
| \$/flowing boe | \$32,000 per boe/d |
| Run rate funds from operations multiple ⁽¹⁾ | 5.1 times |
| \$/Proved developed producing reserves ⁽²⁾ | \$9.64 per boe |
| Proved developed producing recycle ratio ⁽³⁾ | 1.8 times |

Note:

- (1) Calculated as \$4.0 million/(125 boe/d x \$17.30/boe x 365 days).
- (2) Gross reserves are the Assets' total working interest reserves before the deduction of any royalties and including any royalty interests receivable on the Assets. Gross reserve estimates are based on Altura's internal evaluation and were prepared by a member of Altura's management who is a qualified reserves evaluator in accordance with National Instrument 51-101 effective August 1, 2016.
- (3) Calculated as \$17.30/boe / \$9.64/boe.

Following the completion of the Acquisition, the Corporation will have a working capital surplus of approximately \$13.5 million and no debt. Altura's strategy remains unchanged with the key objectives to:

- Profitably grow corporate production and evaluate recently acquired lands by drilling select horizontal wells from its drilling inventory;
- Establish the Corporation in organic play concepts by acquiring strategic parcels of land during a period when land prices are at a 20-year low; and
- Capitalize on strategic acquisition opportunities.

ABOUT ALTURA ENERGY INC.

Altura Energy Inc. is a public oil and gas corporation active in the exploration and development of oil and natural gas in east central Alberta.

READER ADVISORIES

Forward-looking Information and Statements

This press release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "budget", "forecast", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "strategy" and similar expressions are intended to identify forward looking information or statements. In particular, but without limiting the foregoing, this press release contains forward-looking information and statements pertaining to the following: expected working capital surplus, drilling inventory, the ability to grow corporate production volumes, establishing the Corporation in organic plays and potential acquisition opportunities. Statements relating to "reserves" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

The forward-looking information and statements contained in this press release 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 press release report are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; changes in the demand for or supply of Altura's products; unanticipated operating results or production declines; changes in tax or environmental laws, royalty rates or other regulatory matters; changes in development plans of Altura or by third party operators of Altura's properties, increased debt levels or debt service requirements; inaccurate estimation of Altura's oil and gas reserve and resource volumes; limited, unfavorable or a lack of access to capital markets; increased costs; a lack of adequate insurance coverage; the impact of competitors; and certain other risks detailed from time to time in Altura's public documents.

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

Non-GAAP Measures

This press release contains references used in the oil and natural gas industry such as "operating netback". This measure does not have standardized meanings prescribed by generally accepted accounting principles ("GAAP") and therefore should not be considered in isolation. This reported amount and the underlying calculation are not necessarily comparable or calculated in an identical manner to a similarly titled measure of other companies where

similar terminology is used. Where this measure is used, it should be given careful consideration by the reader. This measure has been described and presented in the press release in order to provide shareholders and potential investors with additional information regarding the Corporation's ability to generate funds to finance its operations.

Operating netback denotes total sales less royalty expenses, and operating and transportation costs calculated on a per boe basis.

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.

Oil and Gas Advisories

All reserve references in this press release are based on Altura's internal evaluation and were prepared by a member of Altura's management who is a qualified reserves evaluator in accordance with National Instrument 51-101 effective August 1, 2016. Such estimates are based on values that Altura's management believes to be reasonable and are subject to the same limitations discussed above under "Forward-Looking Information and Statements". Listed below are cautionary statements applicable to the reserves information that are specifically required by NI 51-101: (i) individual properties may not reflect the same confidence level as estimates of reserves for all properties due to the effects of aggregation; and (ii) this press release contains estimates of the net present value of the future net revenue from the reserves to be acquired - such amounts do not represent the fair market value of such reserves.

Drilling Locations

This press release discloses drilling inventory which can be subdivided in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from an internal reserves evaluation effective August 1, 2016 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on our prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Of the 12 total net drilling locations identified in this press release, three are proved locations, two are probable locations and seven are unbooked locations. Unbooked locations have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that we will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been de-risked by drilling existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

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