

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") is dated August 14, 2019 and should be read in conjunction with the Corporation's unaudited interim condensed consolidated financial statements and related notes for the three and six months ended June 30, 2019, the audited consolidated financial statements and related notes for the year ended December 31, 2018, as well as the Corporation's Annual Information Form that is filed on SEDAR at www.sedar.com. These unaudited interim condensed consolidated 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 in the "Advisories" section at the end of this MD&A.

DESCRIPTION OF BUSINESS

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. Additional information regarding 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".

ECONOMIC ENVIRONMENT

Crude oil prices improved in the second quarter of 2019, with the West Texas Intermediate ("WTI") benchmark price averaging nine percent higher than the first quarter of 2019 but averaged 12 percent lower than the second quarter of 2018. Canadian crude oil prices continued to benefit from the Alberta government production curtailment as the differential between WTI and the Western Canadian Select oil price ("WCS") averaged US\$10.67 per barrel in the second quarter of 2019, 13 percent lower than the first quarter of 2019 and 45 percent lower relative to the second quarter of 2018.

Altura primarily compares its oil price to the WCS oil price at the Hardisty, Alberta oil sales terminal which increased 16 percent in the second quarter of 2019 relative to the first quarter of 2019 and increased five percent relative to the second quarter of 2018.

2019 GUIDANCE

The following table summarizes the Corporation's 2019 revised guidance compared to prior guidance and 2019 year-to-date results.

	2019 Prior Guidance	2019 Revised Guidance	2019 YTD Actual
2019 Capital expenditures (\$000)	15,000	13,500	7,803
Leduc-Woodbend extended reach horizontal ("ERH") wells	4	3	2
2019 Average production volumes (boe/d)	1,700–1,800	1,700–1,800	1,764

Altura's adjusted funds flow in the second quarter of 2019 was adversely impacted by down time and increased operating costs associated with workover activities. To maintain a strong balance sheet, Altura's 2019 capital expenditure budget of \$15.0 million has been reduced by \$1.5 million to \$13.5 million and includes drilling a total of three ERH wells at Leduc-Woodbend. This is down from four ERH wells in the previous guidance. Additionally, the Corporation has budgeted \$0.8 million for the second half of 2019 to convert the remaining five wells at Leduc-Woodbend from progressive cavity pumps to pumpjacks to reduce future down time and operating costs associated with workover activities.

RESULTS OF OPERATIONS

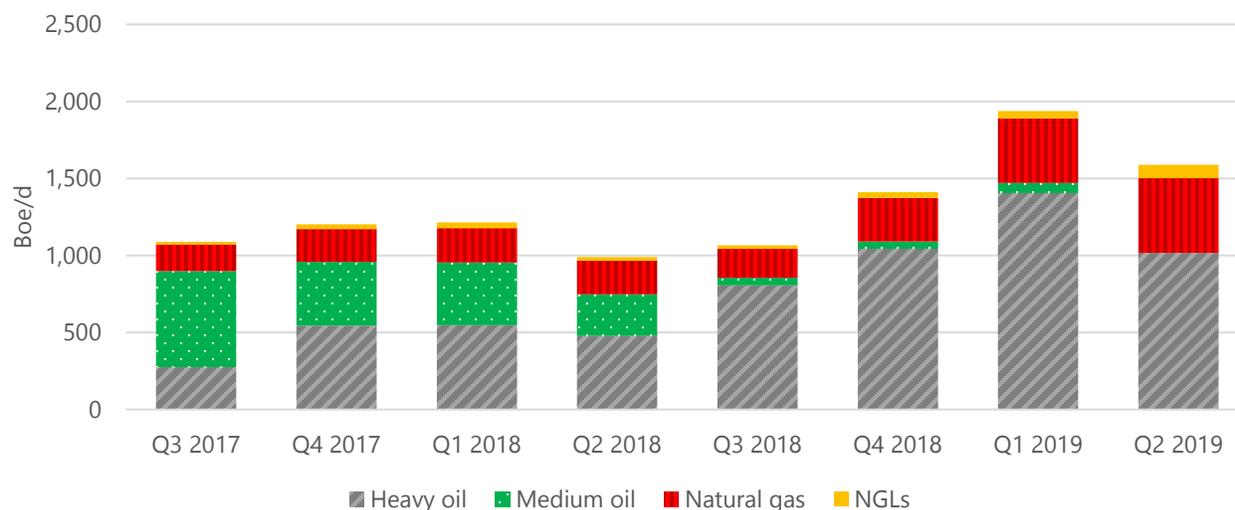
Production

	Three months ended June 30			Six months ended June 30		
	2019	2018	% Change	2019	2018	% Change
Heavy oil (bbls/d)	1,016	478	113	1,210	513	136
Medium oil (bbls/d)	-	271	(100)	34	339	(90)
Natural gas (Mcf/d)	2,914	1,309	123	2,713	1,323	105
Natural gas liquids ("NGLs") (bbls/d)	88	23	283	68	30	127
Total (boe/d)	1,591	991	61	1,764	1,102	60
Oil and natural gas liquids % of production	69%	78%	(12)	74%	80%	(8)

During the three and six months ended June 30, 2019, daily production volumes increased 61 percent and 60 percent respectively, as compared to the same periods in the prior year. The increases are due to increased production from the Leduc-Woodbend area following drilling and completions activity in the second half of 2018, partially offset by the disposition of Altura's east central Alberta and Saskatchewan assets on May 31, 2018 (the "Provost Disposition"). No wells were brought on production in the second quarter of 2019.

In the second quarter of 2019, the Corporation had no medium oil production volumes, compared to 271 boe per day in the same period in the prior year. The decrease is due to the Provost Disposition and due to Altura pipeline connecting two heavy oil wells producing from the Rex member to its medium oil Glauconitic battery at the end of February 2019. Commencing in March 2019, oil from this battery has been blended and sold into the heavy oil stream, eliminating Altura's medium oil sales.

Quarterly Average Daily Production

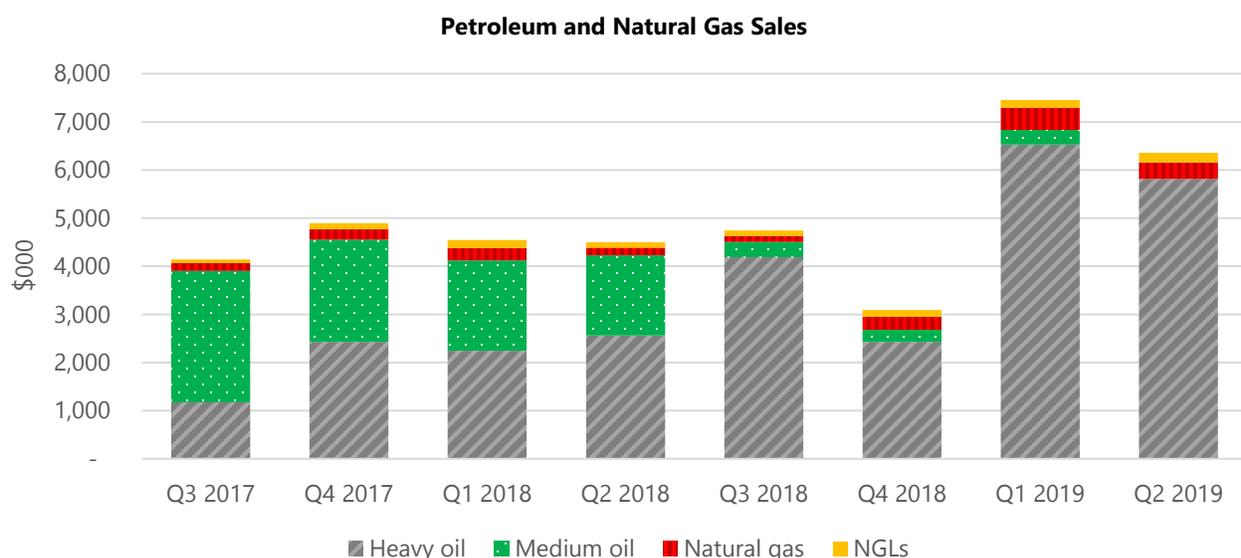


Average production in the second quarter of 2019 was 1,591 boe per day, 348 boe per day or 18 percent lower than the first quarter of 2019. Production was affected by natural declines as no new wells were brought on production in the quarter and by well down time resulting from pump failures in April and May 2019. To improve well run-time efficiency due to the increased weighting of natural gas production, Altura has converted the artificial lift systems on six wells as described under the headings "Operating and Transportation Costs" and "Capital Expenditures" in this MD&A.

Petroleum and Natural Gas Sales

(\$000)	Three months ended June 30			Six months ended June 30		
	2019	2018	% Change	2019	2018	% Change
Heavy oil	5,812	2,561	127	12,341	4,806	157
Medium oil	-	1,669	(100)	300	3,546	(92)
Natural gas	346	158	119	812	416	95
NGLs	195	109	79	353	276	28
Petroleum and natural gas sales	6,353	4,497	41	13,806	9,044	53

Petroleum and natural gas sales for the second quarter of 2019 increased 41 percent to \$6,353,000 compared to \$4,497,000 in the second quarter of 2018. The increase of \$1,856,000 consists of \$1,712,000 attributed to increased production volumes and \$144,000 attributed to higher realized crude oil prices, partially offset by lower NGL and natural gas prices. For the six months ended June 30, 2019, petroleum and natural gas sales increased 53 percent to \$13,806,000 compared to \$9,044,000 in the same period of 2018. The increase of \$4,762,000 consists of \$4,133,000 attributed to increased production volumes and \$629,000 attributed to higher realized crude oil prices, partially offset by lower NGL and natural gas prices.



Altura sells its crude oil on a monthly index basis and natural gas production on a spot basis. The average realized price the Corporation receives for its crude oil and natural gas production depends on several factors, including the average benchmark prices for crude oil and natural gas, the US to Canadian dollar exchange rate and transportation and product quality differentials.

The average benchmark prices for crude oil are impacted by global and regional events that dictate the level of supply and demand for these commodities. The principal crude oil benchmarks that Altura compares its oil price to are the WTI oil price and the WCS oil price. The differential between WTI and WCS oil prices can widen due to several factors, including, but not limited to, downtime in North American refineries, rising domestic and international production, the US to Canadian dollar exchange rate, high inventory levels in North America and lack of pipeline infrastructure or takeaway capacity connecting key consuming oil markets.

The following table outlines the Corporation's benchmark and realized petroleum and natural gas prices:

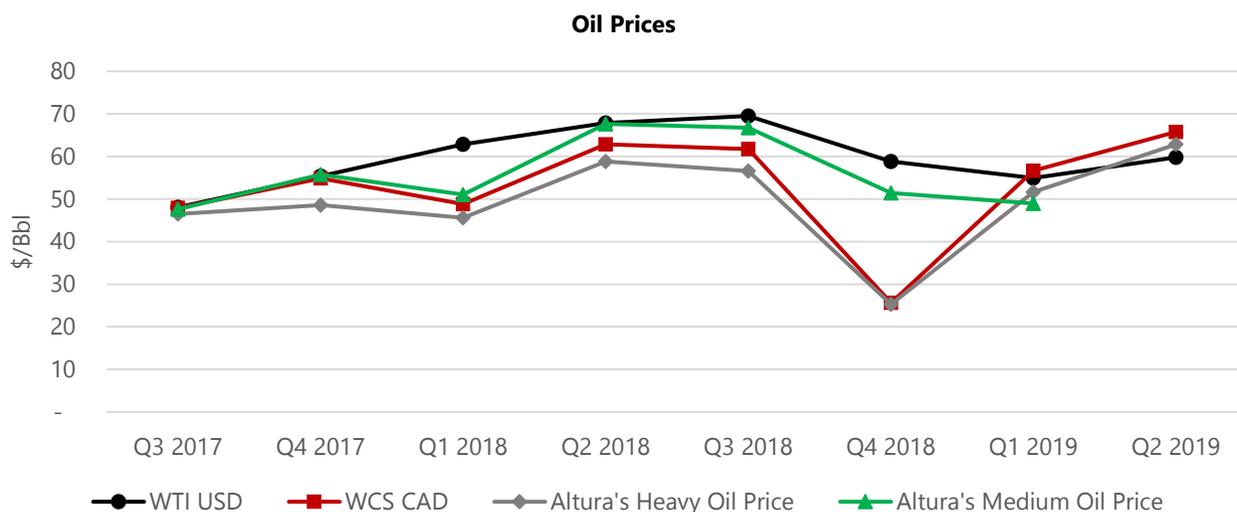
	Three months ended June 30			Six months ended June 30		
	2019	2018	% Change	2019	2018	% Change
Average Benchmark Prices						
WTI crude oil (US\$/bbl) ⁽¹⁾	59.81	67.88	(12)	57.36	65.37	(12)
WCS differential (US\$/bbl) ⁽²⁾	(10.67)	(19.27)	(45)	(11.48)	(21.77)	(47)
US\$/Cdn\$ exchange rate	0.747	0.775	(4)	0.750	0.782	(4)
WCS (Cdn\$/bbl)	65.76	62.82	5	61.21	55.80	10
AECO daily spot (\$/GJ)	0.98	1.12	(13)	1.73	1.54	12
Average Realized Prices						
Heavy oil (\$/bbl)	62.83	58.83	7	56.36	51.80	9
Medium oil (\$/bbl)	-	67.64	(100)	48.97	57.72	(15)
Natural gas (\$/Mcf)	1.30	1.32	(2)	1.65	1.74	(5)
Natural gas liquids (\$/bbl)	24.23	51.68	(53)	28.70	50.92	(44)
Average realized price (\$/boe)	43.89	49.87	(12)	43.24	45.32	(5)

(1) WTI represents posting price of West Texas Intermediate crude oil.

(2) WCS differential represents the difference between the average market price for the benchmark Western Canadian Select heavy crude oil and WTI.

WTI decreased 12 percent during the three and six months ended June 30, 2019, while Altura's realized heavy oil price increased seven percent and nine percent, respectively. The impact of lower WTI prices was offset by the narrowing differential between WTI and WCS to an average discount of US\$10.67 per barrel and US\$11.48 per barrel compared to US\$19.27 per barrel and US\$21.77 per barrel, in the same periods in 2018, respectively. The WCS differential started narrowing in the first quarter of 2019 due to the Alberta government's mandatory production curtailment designed to balance the market and reduce crude oil differentials.

Altura's average realized price declined 12 percent to \$43.89 per boe in the second quarter of 2019 compared to the same period in the prior year as the increase in the realized heavy oil price was more than offset by lower natural gas prices, lower NGL prices and an increased weighting of natural gas production relative to total production.



In the second quarter of 2019, Altura's realized natural gas price decreased by two percent to \$1.30 per Mcf from the second quarter of 2018 while the AECO daily spot price decreased 13 percent to \$0.98 per GJ. In the first half of 2019, Altura's realized natural gas price decreased by five percent to \$1.65 per Mcf from the first half of 2018 while the AECO daily spot price increased 12 percent to \$1.73 per GJ. The decreased realized natural gas price in the first half of 2019 is due to a gas balance recovery on the NOVA pipeline, negatively impacting Altura in February and March 2019.

Risk Management Contracts

Altura initiated a risk management program in the second quarter of 2019 to reduce the volatility of crude oil sales, increase the certainty of adjusted funds flow to protect development economics, and to comply with details of its banking covenant. The Corporation's risk management program is approved by Altura's Board of Directors.

	Three months ended June 30			Six months ended June 30		
	2019	2018	% Change	2019	2018	% Change
Realized gain on financial instruments	178	-	-	178	-	-
Realized gain on financial instruments per boe	1.23	-	-	0.56	-	-

For the second quarter of 2019, the realized gain reflects cash settlements received on a May 2019 WTI contract of 300 bbls per day at CAD \$87.00 per bbl and a June 2019 WCS contract of 300 bbls per day at CAD \$70.00 per bbl.

At June 30, 2019, Altura held the following crude oil contracts:

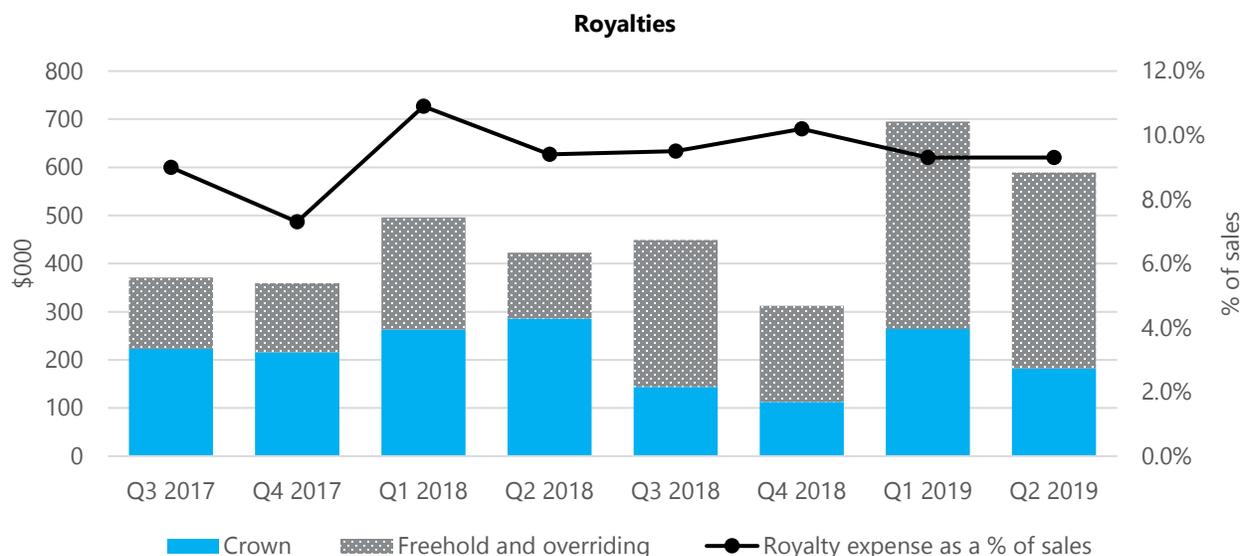
Period	Commodity	Type of Contract	Quantity	Pricing Point	Contract Price	Fair Value at June 30, 2019 (\$000)
Jul 1/19—Mar 31/20	Crude Oil	Fixed	300 bbls/d	WCS	CAD \$57.00	498
Apr 1/20—Jun 30/20	Crude Oil	Fixed	300 bbls/d	WTI	CAD \$70.20	(81)
Apr 1/20—Jun 30/20	Crude Oil	Fixed	300 bbls/d	WCS-WTI Differential	CAD (\$28.00)	(54)
						363

At June 30, 2019, the crude oil contracts were fair valued with an asset of \$363,000 (December 31, 2018 - \$nil) recorded on the balance sheet and an unrealized gain of \$363,000 recorded in net income for the three and six months ended June 30, 2019 (June 30, 2018 - \$nil).

Royalties

(\$000, except % and per boe)	Three months ended June 30			Six months ended June 30		
	2019	2018	% Change	2019	2018	% Change
Crown royalties	182	286	(36)	446	549	(19)
Freehold and overriding royalties	407	137	197	838	370	126
Royalty expense	589	423	39	1,284	919	40
Royalty expense as a % of sales	9.3%	9.4%	(1)	9.3%	10.2%	(9)
Royalty expense per boe	4.08	4.69	(13)	4.03	4.60	(12)

Total royalties for the three and six months ended June 30, 2019 were \$589,000 and \$1,284,000 (\$423,000 and \$919,000 for the same periods in 2018), respectively. Total royalties as a percentage of petroleum and natural gas sales was flat for the second quarter of 2019 at 9.3 percent (\$4.08 per boe) compared to 9.4 percent (\$4.69 per boe) in the second quarter of 2018. For the six months ended June 30, 2019, total royalties represented 9.3 percent of petroleum and natural gas sales (\$4.03 per boe) as compared to 10.2 percent (\$4.60 per boe) in the same period in 2018.

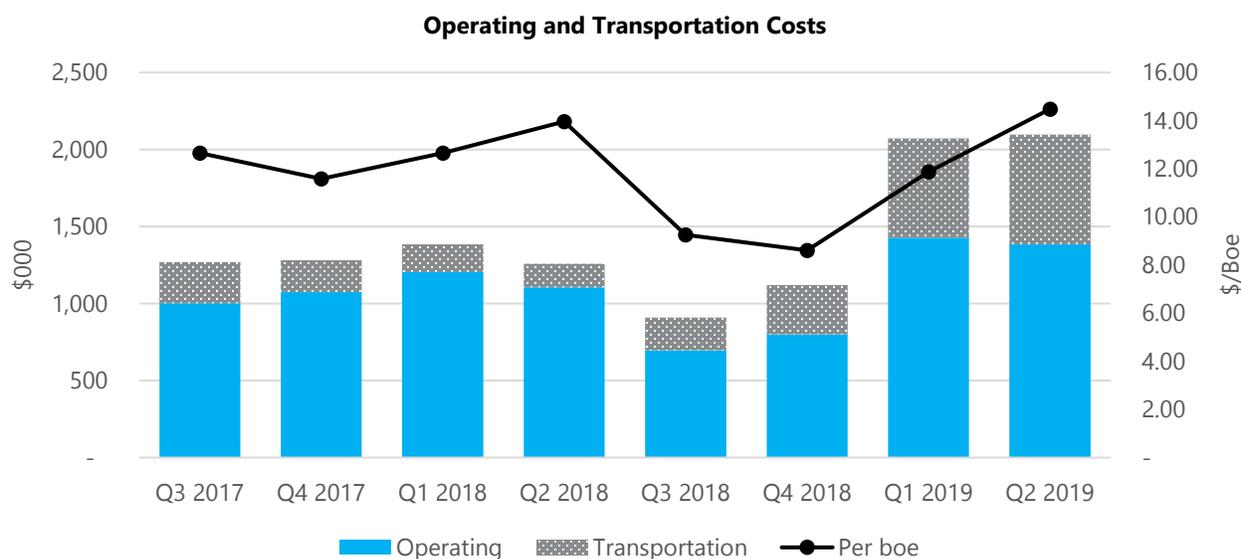


Operating and Transportation Costs

(\$000, except per boe)	Three months ended June 30			Six months ended June 30		
	2019	2018	% Change	2019	2018	% Change
Operating	1,385	1,105	25	2,812	2,309	22
Transportation	712	153	365	1,357	334	306
Operating and transportation	2,097	1,258	67	4,169	2,643	58
Operating per boe	9.56	12.26	(22)	8.81	11.58	(24)
Transportation per boe	4.92	1.70	189	4.25	1.67	154
Operating and transportation per boe	14.48	13.96	4	13.06	13.25	(1)

Operating costs for the three and six months ended June 30, 2019 increased to \$1,385,000 and \$2,812,000 as compared to \$1,105,000 and \$2,309,000 in comparable prior periods, respectively. This increase is primarily due to increased production volumes coupled with higher repairs and maintenance costs. On a per boe basis, operating expenses decreased \$2.70 per boe and \$2.77 per boe to \$9.56 per boe and \$8.81 per boe in the three and six months ended June 30, 2019, respectively, compared to the same periods in 2018. The decrease is mainly due to the completion of the Leduc-Woodbend multi-well battery that enables the Corporation to treat emulsion and dispose water on site, which reduced water hauling and disposal fees, emulsion hauling and oil treating costs. The reduction in emulsion hauling is offset with increased clean oil hauling, which is included in transportation costs.

Transportation costs for the three and six months ended June 30, 2019 increased to \$712,000 and \$1,357,000 as compared to \$153,000 and \$334,000 in comparable prior periods, primarily due to increased production volumes, coupled with increased clean oil hauling. On a per boe basis, transportation expenses increased to \$4.92 per boe and \$4.25 per boe in the three and six months ended June 30, 2019, respectively, compared to \$1.70 per boe and \$1.67 per boe in the same periods of 2018. The increase is due to increased clean oil hauling associated with the completion of the Leduc-Woodbend multi-well battery, longer hauls to sales terminals in eastern Alberta to maximize crude oil prices and due to spring break-up road restrictions that limited oil volumes per load in April and May 2019.



Operating and transportation costs increased \$2.60 per boe to \$14.48 per boe in the second quarter of 2019 compared to \$11.88 per boe in the first quarter of 2019. Transportation costs in the second quarter of 2019 increased \$1.22 per boe to \$4.92 per boe from the first quarter of 2019 due to spring break-up road restrictions that limited oil volumes per load in April and May 2019. Transportation costs decreased from \$5.62 per boe in April and May 2019 to \$3.47 per boe in June 2019, after road restrictions were lifted. Operating costs in the second quarter of 2019 increased 17 percent to \$9.56 per boe from the first quarter of 2019 and were affected by increased repairs and maintenance costs related to pump failures in April and May

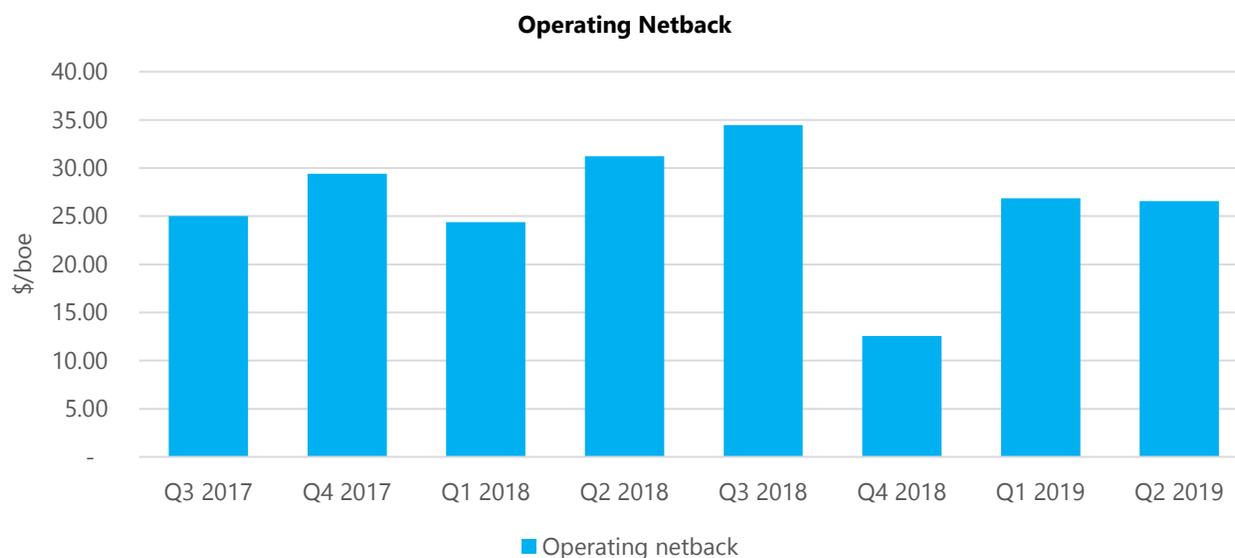
2019 and increased gas processing costs related to the increased weighting of natural gas production. To improve well run-time efficiency and reduce future operating costs, the Corporation converted six wells from progressive cavity pumps to pump jacks in June 2019. As a result, operating costs decreased from \$10.99 per boe in April and May 2019 to \$6.62 per boe in June 2019.

Operating Netback

(\$/boe)	Three months ended June 30			Six months ended June 30		
	2019	2018	% Change	2019	2018	% Change
Petroleum and natural gas sales	43.89	49.87	(12)	43.24	45.32	(5)
Realized gain on financial instruments	1.23	-	-	0.56	-	-
Royalties	(4.08)	(4.69)	(13)	(4.03)	(4.60)	(12)
Operating	(9.56)	(12.26)	(22)	(8.81)	(11.58)	(24)
Transportation	(4.92)	(1.70)	189	(4.25)	(1.67)	154
Operating netback ⁽¹⁾	26.56	31.22	(15)	26.71	27.47	(3)

(1) Operating netback is a non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. Refer to the heading entitled "Non-GAAP Measures" included in the "Advisories" section at the end of this MD&A.

Altura's operating netback was \$26.56 per boe in the second quarter of 2019 compared to \$31.22 per boe in the second quarter of 2018. For the six months ended June 30, 2019, Altura's operating netback was \$26.71 per boe compared to \$27.47 per boe in the same period of 2018. The decreases are a result of lower petroleum and natural gas sales prices and higher per unit transportation costs, partially offset by decreased operating costs and a realized gain on financial instruments.



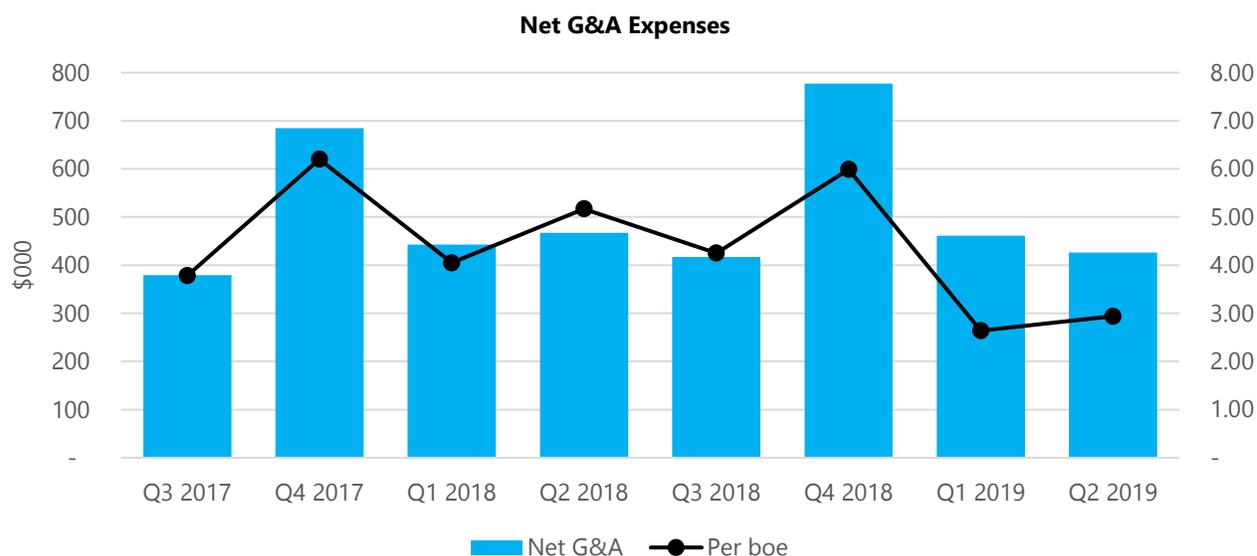
General and Administrative ("G&A") Expenses

(\$000, except per boe)	Three months ended June 30			Six months ended June 30		
	2019	2018	% Change	2019	2018	% Change
Gross G&A	606	606	-	1,198	1,178	2
Capitalized G&A and overhead recoveries	(180)	(139)	29	311	(268)	(216)
Net G&A expenses	426	467	(9)	887	910	(3)
Net G&A per boe	2.94	5.17	(43)	2.78	4.56	(39)

Net G&A expenses totaled \$426,000 in the second quarter of 2019, compared to \$467,000 for the second quarter of 2018. The decrease is mainly due to an increase in overhead recoveries. In the first half of 2019, Altura's net G&A expenses were \$887,000, a three percent decrease from the same period in 2018.

Net G&A expenses decreased 43 percent and 39 percent to \$2.94 per boe and \$2.78 per boe for the three and six months ended June 30, 2019, respectively, compared to the same periods in 2018 due to increased production volumes.

Altura's policy is to capitalize costs that are directly attributable to investments of property and equipment or exploration and evaluation assets.



The increased G&A observed in the fourth quarter of 2017 and the fourth quarter of 2018 primarily relate to additional costs associated with performance-based compensation.

Exploration Expense

(\$000, except per boe)	Three months ended June 30			Six months ended June 30		
	2019	2018	% Change	2019	2018	% Change
Exploration expense	-	-	-	21	-	-
Exploration expense per boe	-	-	-	0.07	-	-

Exploration expenses are costs incurred prior to acquiring the legal right to explore in an area. Exploration expense in the first half of 2019 relate to geophysical consulting incurred by the Corporation to evaluate Crown land sales and freehold lands available for leasing.

Interest and Financing Expenses

(\$000, except per boe)	Three months ended June 30			Six months ended June 30		
	2019	2018	% Change	2019	2018	% Change
Credit facility interest and financing expenses	73	80	(9)	124	135	(8)
Lease interest (non-cash)	3	-	-	6	-	-
Interest and financing expenses	76	80	(5)	130	135	(4)
Credit facility interest and financing expenses per boe	0.50	0.88	(43)	0.39	0.67	(42)

Interest and financing expenses totaled \$76,000 and \$130,000 in the three and six months ended June 30, 2019, respectively, compared to \$80,000 and \$135,000 in the same periods of 2018. The decrease in both periods is due to lower average bank debt in the first half of 2019, partially offset by higher interest rates on Altura's credit facility and the recognition of lease interest. Altura's average interest rate in the six months ended June 30, 2019 was 5.5 percent, compared to 4.9 percent in the same period of 2018.

Share-Based Compensation

(\$000)	Three months ended June 30			Six months ended June 30		
	2019	2018	% Change	2019	2018	% Change
Share-based compensation	224	277	(19)	411	551	(25)
Capitalized share-based compensation	(57)	(68)	(16)	(86)	(126)	(32)
Share-based compensation expense	167	209	(20)	325	425	(24)

Altura's share-based compensation is comprised of stock option expense and performance warrant expense. The Corporation estimates the fair-value of the incentive award based on a Black Scholes model for the determination of non-cash related share-based compensation and the expense is recorded over the expected life. Share-based compensation, net of capitalized amounts, totaled \$167,000 and \$325,000 in the three and six months ended June 30, 2019, respectively, compared to \$209,000 and \$425,000 in the same periods of 2018. The decrease in the three and six months ended June 30, 2019, as compared to the same periods of 2018, reflects a decrease in performance warrant expense due to one-third of the total performance warrants being fully expensed in July 2018 and decreased stock option expense due to Altura's 2015 option grant being fully expensed in November 2018.

Altura's policy is to capitalize costs that are directly attributable to investments of property and equipment or exploration and evaluation assets.

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

(\$000, except per boe)	Three months ended June 30			Six months ended June 30		
	2019	2018	% Change	2019	2018	% Change
DD&A	2,274	1,525	49	4,911	3,263	51
DD&A per boe	15.71	16.92	(7)	15.38	16.36	(6)

Altura uses proved and probable reserves to calculate DD&A expense. For the second quarter of 2019, DD&A increased 49 percent to \$2,274,000 compared to \$1,525,000 in the second quarter of 2018. On a per unit basis, DD&A decreased seven percent to \$15.71 per boe compared to \$16.92 per boe in the second quarter of 2018.

For the six months ended June 30, 2018, DD&A increased 51 percent to \$4,911,000 compared to \$3,263,000 in the same period of the prior year. On a per unit basis, DD&A was \$15.38 per boe compared to \$16.36 per boe in the same period of 2018.

The decreased DD&A per boe in the three and six months ended June 30, 2019 compared to the same periods in 2018 reflects an increase in the Corporation's proved and probable reserves at a lower finding and development cost than the aggregate amount in the first half of 2018.

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 cost to sell. 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 June 30, 2019, Altura evaluated its developed and producing ("D&P") assets and exploration and evaluation ("E&E") assets on a cash generating unit basis for indicators of any potential impairment or related recovery. As a result of this assessment, no indicators were identified, and no impairment was recorded on Altura's D&P and E&E assets for the second quarter of 2019.

Deferred Taxes

The Corporation recognized a deferred tax expense of \$195,000 and \$593,000 in the three and six months ended June 30, 2019, respectively, compared to \$676,000 and \$676,000 in the same periods of 2018. The deferred tax expense in the three and six months ended June 30, 2019 was primarily due to the pre-tax income recorded in the respective periods.

On June 28, 2019, the Alberta government enacted legislation which reduces the Alberta corporate income tax rate from 12 percent to 8 percent over the period of July 1, 2019 through January 1, 2022. As a result, at June 30, 2019, the Corporation recognized a reduction of \$158,000 in its deferred tax liability.

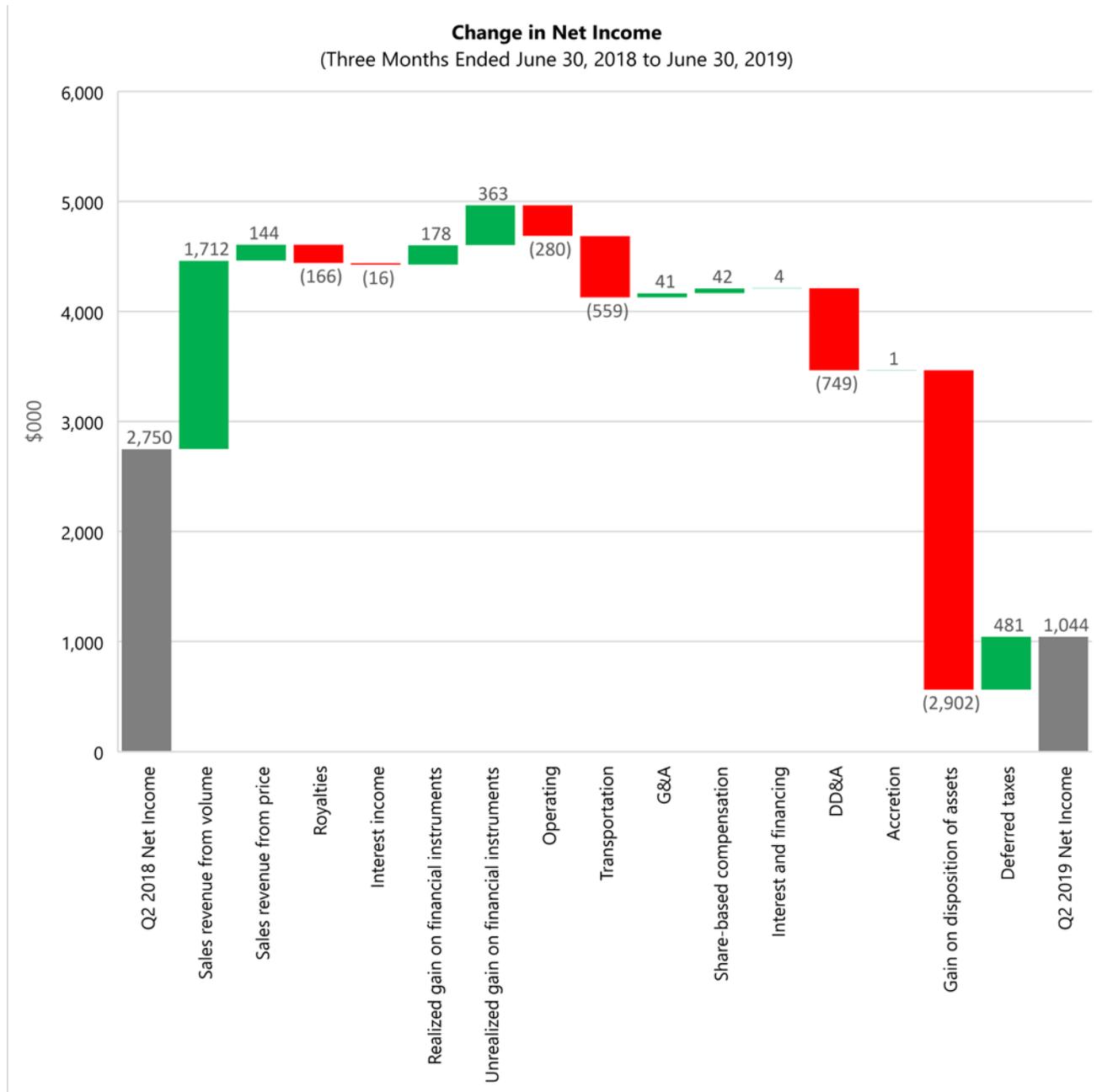
Net Income and Adjusted Funds Flow

(\$000, except per share amounts and per boe)	Three months ended June 30			Six months ended June 30		
	2019	2018	% Change	2019	2018	% Change
Net income	1,044	2,750	(62)	1,973	2,927	(33)
Per share – diluted	0.01	0.02	(50)	0.02	0.03	(33)
Adjusted funds flow ⁽¹⁾	3,346	2,285	46	7,499	4,453	68
Per share – diluted ⁽¹⁾	0.03	0.02	50	0.07	0.04	75
Adjusted funds flow per boe ⁽¹⁾	23.12	25.35	(9)	23.47	22.32	5

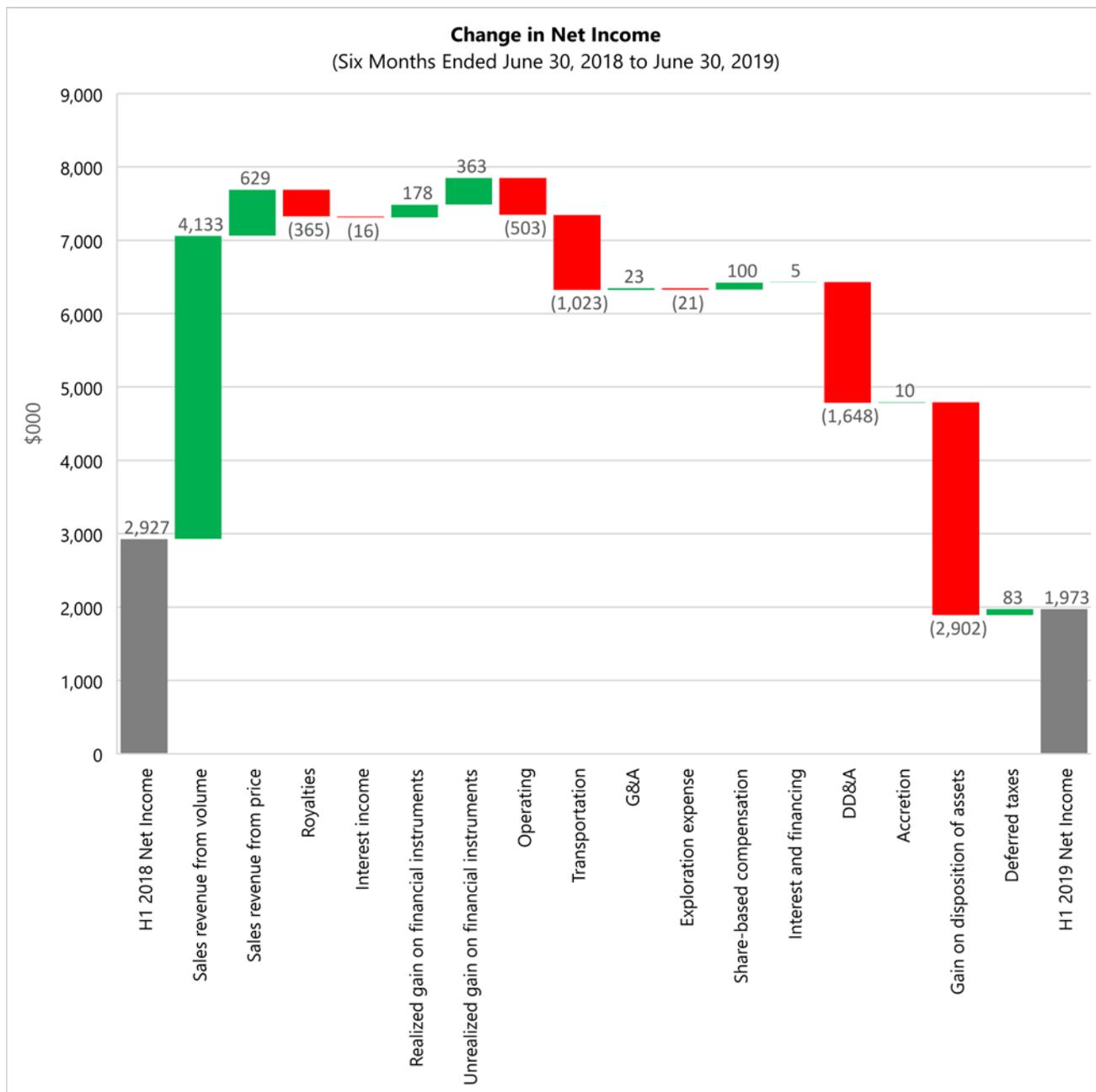
(1) Adjusted funds flow is a non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. Refer to the heading entitled "Non-GAAP Measures" included in the "Advisories" section at the end of this MD&A.

Net Income

In the second quarter of 2019, net income decreased by \$1,706,000 to \$1,044,000 compared to \$2,750,000 in the second quarter of 2018. The decreased net income primarily reflects no gain on disposition of assets and increased royalties, operating costs, transportation costs and DD&A, partially offset by increased sales revenue from production volumes and increased crude oil prices, gains on financial instruments and decreased deferred tax expense.

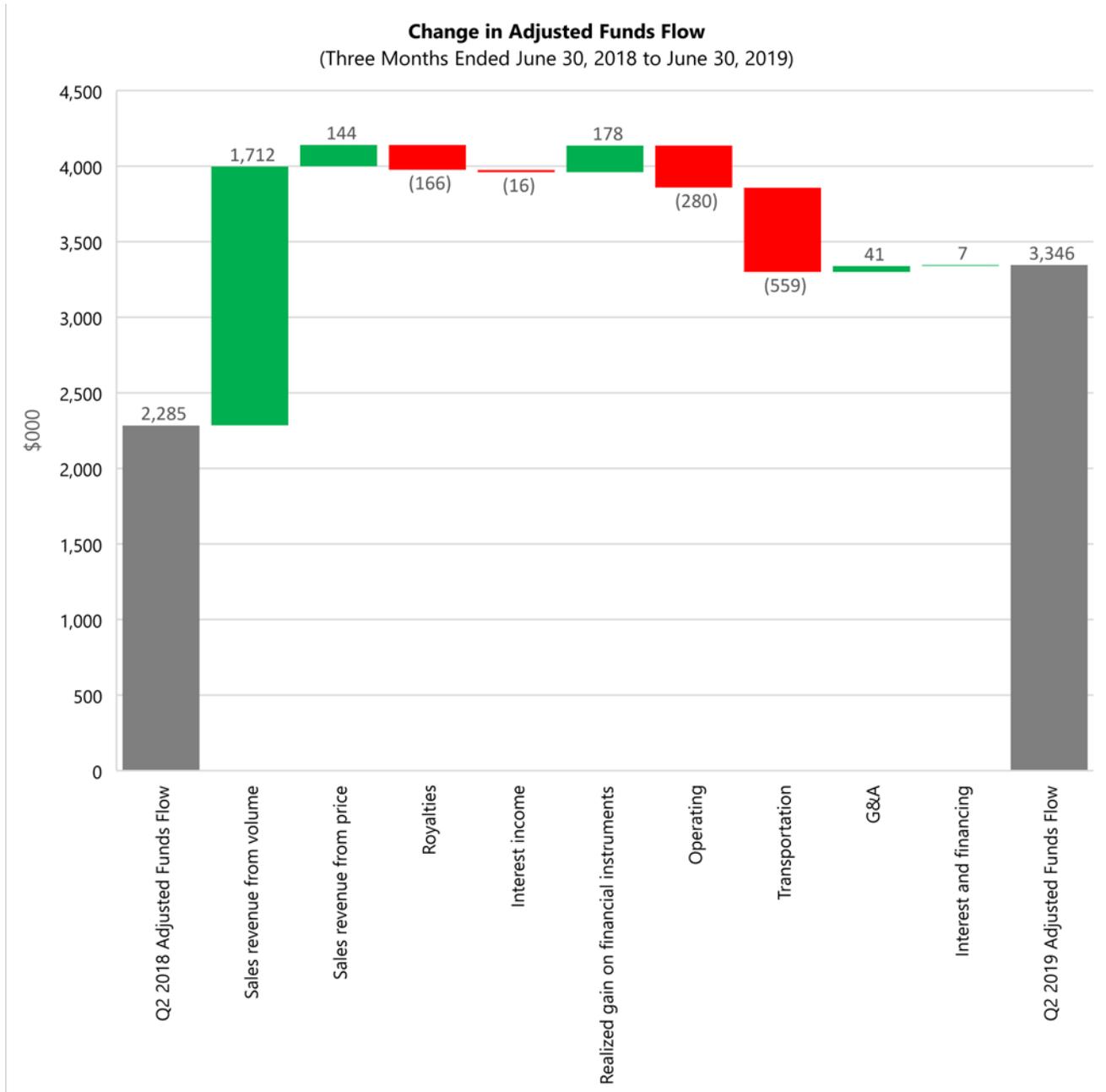


In the first half of 2019, net income decreased by \$954,000 to \$1,973,000 compared to \$2,927,000 in the first half of 2018. The decreased net income primarily reflects no gain on disposition of assets and increased royalties, operating costs, transportation costs and DD&A, partially offset by increased sales revenue from production volumes and increased crude oil prices, lower share-based compensation and gains on financial instruments.

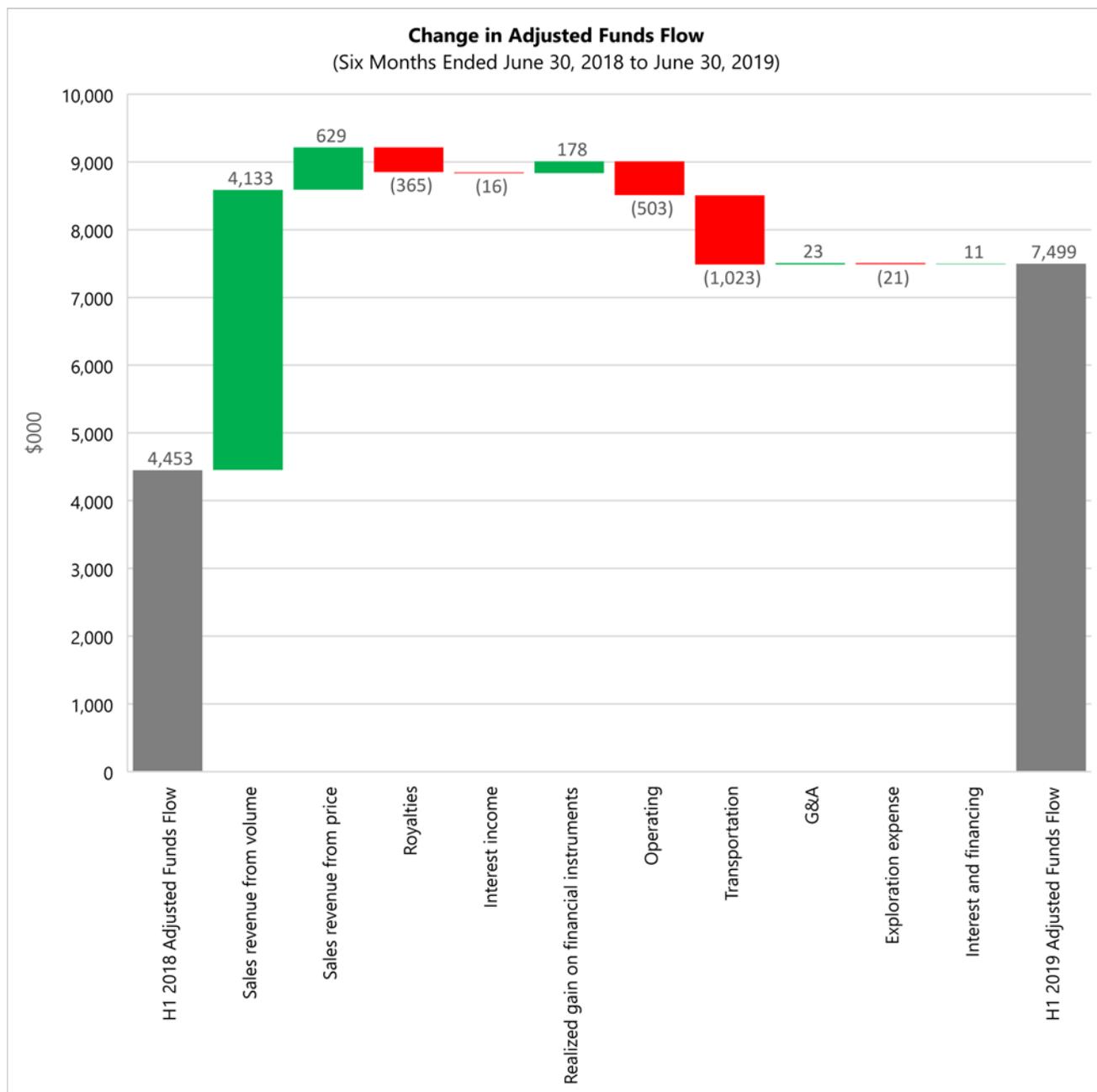


Adjusted Funds Flow

In the second quarter of 2019, adjusted funds flow increased by \$1,061,000 to \$3,346,000 compared to \$2,285,000 in the second quarter of 2018. The increase primarily reflects increased sales revenue from production volumes and increased crude oil prices, a gain on realized financial instruments, partially offset by increased royalties, operating costs, and transportation costs.



In the first half of 2019, adjusted funds flow increased by \$3,046,000 to \$7,499,000 compared to \$4,453,000 in the first half of 2018. The increase primarily reflects increased sales revenue from production volumes and increased crude oil prices, a gain on realized financial instruments, partially offset by increased royalties, operating costs, and transportation costs.



Capital Expenditures

(\$000)	Three months ended June 30			Six months ended June 30		
	2019	2018	% Change	2019	2018	% Change
Geological and geophysical	26	18	44	36	21	71
Land	713	70	>500	751	193	289
Drilling and completions	3,251	3,830	(15)	3,242	7,817	(59)
Workovers	374	252	48	866	576	50
Equipping and tie-in	672	56	>500	883	419	111
Facilities and pipelines	734	448	64	1,322	2,864	(54)
Other	580	1,670	(65)	703	1,799	(61)
Capital expenditures	6,350	6,344	-	7,803	13,689	(43)
Property dispositions	-	(27,712)	(100)	-	(27,712)	(100)
Total capital expenditures	6,350	(21,368)	(130)	7,803	(14,023)	(156)

In the first half of 2019, Altura invested \$7.8 million on capital expenditures. The Corporation commenced its drilling program in June with the drilling of two extended reach horizontal ("ERH") wells at Leduc-Woodbend and a vertical stratigraphic well in a new area called Entice, located south of Strathmore, Alberta. The two ERH wells were completed for production in July 2019 and brought on production in August 2019. Year-to-date capital investment also included an electrification project at Altura's multi-well battery and associated pad sites, pipeline construction, and a solution gas compressor. In the second quarter of 2019, Altura changed its artificial lift system on six wells to improve run-time efficiencies and limit operating and capital workover events. Due to these changes, the Corporation incurred \$1.0 million related to workovers and equipping costs in the first half of 2019. Additionally, \$0.5 million of well casing and tubulars were pre-purchased in the second quarter for 2019 and are included above in the "Other" category.

Decommissioning Liability

At June 30, 2019, Altura's decommissioning liability was \$6.5 million (December 31, 2018 - \$5.8 million) for the future abandonment and reclamation of Altura's properties. The estimated decommissioning liability includes cost assumptions to abandon wells or reclaim the property, the time frame in which such costs will be incurred as well as annual inflation factors (2.0 percent) used to calculate the undiscounted total future liability. The future liability has been discounted at the risk-free rate of 1.7 percent (December 31, 2018 - 2.2 percent).

Abandonment cost estimates are derived from both third-party industry and government sources and operational knowledge of the properties. The estimates are reviewed quarterly and adjusted as new information regarding the liability is determined. The change in liability is due to a revision of the risk-free discount rate and accretion expense.

Accretion expense is the increase in the decommissioning liability resulting from the passage of time. For the three and six months ended June 30, 2019, accretion expense totaled \$26,000 and \$54,000 (June 30, 2018 - \$27,000 and \$64,000), respectively.

The Corporation's Liability Management Rating ("LMR") with the Alberta Energy Regulator ("AER") was 10.53 at August 3, 2019. The LMR is the ratio 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. Additionally, Altura's revolving operating demand loan includes a covenant requiring the Corporation to maintain a Licensee Liability Rating ("LLR") in Alberta, Saskatchewan and British Columbia, in each case, of no less than 2.0. Altura's LLR with the AER was 10.53 at August 3, 2019, consistent with its LMR.

CAPITAL RESOURCES AND LIQUIDITY

Working Capital

The Corporation had an adjusted working capital deficit of \$5.2 million at June 30, 2019 compared to an adjusted working capital deficit of \$4.8 million at December 31, 2018. At June 30, 2019, the major components of Altura's current assets were accounts receivable (78 percent) to be received from its oil and gas marketers in respect to June 2019 production. Altura routinely assesses the financial strength of its marketers and joint interest partners and has determined all past due accounts receivable to be collectible. Current liabilities largely consist of trade and joint interest payables (14 percent) and accrued liabilities (65 percent) related to the Corporation's operations and bank debt (20 percent). The Corporation manages its working capital using a combination of its cash flow from operating activities and advances under its revolving operating demand loan credit facility and, if applicable, funds from debt and equity issuances and asset divestitures. Altura invests its excess cash, if any, in a short-term interest-bearing account with its lender.

Credit Facility

The Corporation has a revolving operating demand loan (the "Credit Facility") with a Canadian bank (the "Lender"). Altura's Credit Facility was reviewed in April 2019 based on the Corporation's December 31, 2018 reserve report and the borrowing base was increased to \$10.0 million. The Credit Facility is payable on demand and the interest rate was equal to the Lender's prime rate plus 1.75 percent per annum on the outstanding principal, payable monthly.

Altura is subject to certain reporting and financial covenants including:

- the Corporation is required 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.
- the Corporation will, at all times, maintain hedging agreements covering no less than 300 bbl/d oil (Western Canadian Select) for no less than the succeeding nine-month period, on a rolling basis; and
- the Corporation will maintain a LLR in Alberta, Saskatchewan and British Columbia, in each case, of no less than 2.0.

As at June 30, 2019, the working capital ratio as defined was 1.78:1 (December 31, 2018 – 1.29:1) and the Corporation was compliant with the hedging covenant and the LLR covenant.

As at June 30, 2019, \$1.5 million (December 31, 2018 - \$2.1 million) was drawn on the Credit Facility and the Corporation had outstanding letters of credit for \$160,000 (December 31, 2018 - \$160,000). The next review date for the Credit Facility has been scheduled for May 31, 2020 but may be set at an earlier or later date at the sole discretion of the Lender.

Shareholders' Equity

At June 30, 2019 there were 108,920,973 common shares outstanding, 9,749,879 performance warrants outstanding and 9,770,000 stock options outstanding. The number of common shares and performance warrants remain unchanged from December 31, 2018.

At August 14, 2019 the number of common shares, performance warrants and stock options outstanding remain unchanged from June 30, 2019.

Liquidity

(\$000)	June 30, 2019	December 31, 2018
Current assets	2,688	854
Fair value of financial instruments included in current assets	(363)	-
Current liabilities	(7,485)	(5,674)
Adjusted working capital deficit ⁽¹⁾	(5,160)	(4,820)
Credit Facility capacity ⁽²⁾	9,840	5,840
Available funding	4,680	1,020

(1) Adjusted working capital deficit is a non-GAAP measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. Refer to the heading entitled "Non-GAAP Measures" included in the "Advisories" section at the end of this MD&A.

(2) As at June 30, 2019, \$160,000 in letters of credit were issued and outstanding (December 31, 2018 - \$160,000).

At June 30, 2019, Altura had \$4.7 million of available funding capacity from its Credit Facility (December 31, 2018 - \$1.0 million).

Net debt

Net debt as at June 30, 2019 and December 31, 2018 is calculated as follows:

(\$000)	June 30, 2019	December 31, 2018
Adjusted working capital deficit ⁽¹⁾	5,160	4,820
Current portion of lease liabilities	(36)	-
Current portion of decommissioning liability	(15)	(15)
Net debt ⁽¹⁾	5,109	4,805
Net debt to annualized adjusted funds flow ⁽¹⁾⁽²⁾	0.4	1.5

(1) Adjusted working capital deficit, net debt and adjusted funds flow are non-GAAP measures that do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. Refer to the heading entitled "Non-GAAP Measures" included in the "Advisories" section at the end of this MD&A.

(2) Refer to Note 12 "Capital Management" in the financial statements regarding net debt to annualized adjusted funds flow.

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. Altura's net debt of \$5.1 million as at June 30, 2019 was comparable to \$4.8 million at December 31, 2018 as adjusted funds flow approximated capital expenditures in the first half of 2019. The increased adjusted funds flow compared to the fourth quarter of 2018 resulted in net debt to annualized adjusted funds flow improving to 0.4 times at June 30, 2019 compared to 1.5 times at December 31, 2018.

Capital Resources

Altura's 2019 capital expenditure budget of \$15.0 million has been reduced by \$1.5 million to \$13.5 million, as highlighted in the "2019 Guidance" section of this MD&A. As at June 30, 2019, \$7.8 million has been invested, with \$5.7 million forecasted for the second half of 2019. Altura expects to have the liquidity to fund the capital program through a combination of cash flow from operating activities and available funding from its Credit Facility.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Altura has contractual obligations in the normal course of operations including operating agreements, transportation commitments, royalty obligations, lease rental obligations and employee agreements. These obligations are of a recurring, consistent nature and impact Altura's cash flows in an ongoing manner.

SUMMARY OF QUARTERLY INFORMATION

Quarters Ended	2019			2018			2017	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
OPERATING								
Average daily production								
Heavy oil (bbls/d)	1,016	1,404	1,044	805	478	547	544	274
Medium oil (bbls/d)	-	68	46	51	271	408	414	624
Natural gas (Mcf/d)	2,914	2,510	1,699	1,128	1,309	1,336	1,286	1,045
NGLs (bbls/d)	88	47	38	23	23	37	30	16
Total (boe/d)	1,591	1,939	1,412	1,067	991	1,215	1,202	1,088
Average realized sales price								
Heavy oil (\$/bbl)	62.83	51.62	25.28	56.59	58.83	45.58	48.54	46.50
Medium oil (\$/bbl)	-	48.97	51.44	66.74	67.64	51.06	55.73	47.61
Natural gas (\$/Mcf)	1.30	2.06	1.74	1.23	1.32	2.14	1.81	1.71
NGLs (\$/bbl)	24.23	37.16	40.19	51.30	51.68	50.44	45.46	49.54
Total (\$/boe)	43.89	42.71	23.57	48.29	49.87	41.58	44.22	41.38
(\$/boe)								
Petroleum and natural gas sales	43.89	42.71	23.57	48.29	49.87	41.58	44.22	41.38
Realized gain on financial instruments	1.23	-	-	-	-	-	-	-
Royalty expenses	(4.08)	(3.98)	(2.40)	(4.57)	(4.69)	(4.54)	(3.24)	(3.70)
Operating costs	(9.56)	(8.18)	(6.16)	(7.09)	(12.26)	(11.01)	(9.72)	(10.01)
Transportation costs	(4.92)	(3.70)	(2.45)	(2.17)	(1.70)	(1.65)	(1.86)	(2.65)
Operating netback ⁽¹⁾	26.56	26.85	12.56	34.46	31.22	24.38	29.40	25.02
General and administrative	(2.94)	(2.64)	(5.99)	(4.25)	(5.17)	(4.05)	(6.20)	(3.78)
Exploration expense	-	(0.12)	(0.04)	(0.21)	-	-	-	-
Credit facility interest and financing expense	(0.50)	(0.29)	(0.18)	(0.03)	(0.88)	(0.51)	(0.38)	(0.06)
Interest income	-	-	-	0.34	0.18	-	-	-
Adjusted funds flow per boe ⁽¹⁾	23.12	23.80	6.35	30.31	25.35	19.82	22.82	21.18
FINANCIAL (\$000, except per share)								
Petroleum and natural gas sales	6,353	7,453	3,062	4,741	4,497	4,547	4,893	4,143
Adjusted funds flow ⁽¹⁾	3,346	4,153	826	2,977	2,285	2,168	2,526	2,119
Per share – diluted ⁽¹⁾	0.03	0.04	0.01	0.03	0.02	0.02	0.02	0.02
Cash flow from operating activities	3,568	2,290	4,200	831	2,313	2,443	1,940	2,545
Per share – diluted	0.03	0.02	0.04	0.01	0.02	0.02	0.02	0.02
Net income (loss)	1,044	929	(984)	750	2,750	177	(1,032)	322
Per share – diluted ⁽²⁾	0.01	0.01	(0.01)	0.01	0.02	-	(0.01)	-
(\$000)								
Capital expenditures	6,350	1,453	3,050	16,717	6,344	7,345	3,083	6,439
Property acquisitions/(dispositions)	-	-	986	2,637	(27,712)	-	(355)	-
Total assets	59,719	55,704	54,023	54,793	49,957	55,973	50,807	49,848
Net debt (working capital surplus) ⁽¹⁾	5,109	2,105	4,805	1,872	(14,761)	8,495	3,663	2,810
Shareholders' equity	44,251	42,983	41,867	42,633	41,643	38,616	38,165	38,933
Common shares outstanding (000)								
Weighted average for the period - basic ⁽²⁾	108,921	108,921	108,921	108,921	108,921	108,921	108,921	108,921
Weighted average for the period - diluted ⁽²⁾	110,503	110,430	110,260	112,281	110,546	109,133	109,570	108,922
Shares outstanding, end of period	108,921	108,921	108,921	108,921	108,921	108,921	108,921	108,921

(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" included in the "Advisories" section at the end of this MD&A.

(2) Basic weighted average shares are used to calculate diluted per share amounts when the Corporation is in a loss position.

Quarter over quarter changes in revenue from the third quarter of 2017 are the result of changes in oil and gas volumes sold as well as changes in Altura's average realized price. The decline in production in the second quarter of 2018 is a result of the disposition of assets in east central Alberta and Saskatchewan on May 31, 2018. Production volumes increased in the third and fourth quarters of 2018 and the first quarter of 2019 with seven new Leduc-Woodbend wells being brought on production

in the second half of 2018 and one well being brought on production in the first quarter of 2019. Production volumes declined in the second quarter of 2019 as no new wells were brought on production and Altura had decreased well run-time efficiency due to pump failures. Realized crude oil prices declined sharply in the fourth quarter of 2018 due to wide Canadian oil differentials but recovered in the first quarter of 2019 as Canadian oil differentials narrowed as a result of the Alberta government mandatory curtailment.

Capital expenditures in the first quarter of 2018 included drilling two wells, pipeline construction costs and facility equipment purchases. In the second and third quarters of 2018, Altura drilled eight wells, completed seven wells and constructed a multi-well battery at Leduc-Woodbend. In the fourth quarter of 2018, Altura's capital investments included one well completion and facility work at the previously commissioned multi-well battery. Capital expenditures in the first half of 2019 included drilling two horizontal wells at Leduc-Woodbend and one vertical well in a new area. Additionally, capital investment in the first half of 2019 included an electrification project at Altura's multi-well battery and associated pad sites, pipeline construction, and a solution gas compressor. In the second quarter of 2019, Altura changed its artificial lift system on six wells to improve run-time efficiencies and limit operating and capital workover events.

In the fourth quarter of 2017, Altura recorded an impairment expense for \$1.5 million resulting in a loss. In the second quarter of 2018, Altura recorded net income of \$2.8 million mainly due to a gain on disposition of assets, partially offset by a deferred tax expense. In the third quarter of 2018, the Corporation recorded net income of \$0.8 million and in the fourth quarter of 2018 Altura recorded a net loss of \$1.0 million, due mainly to the decline in realized oil prices. In the first and second quarters of 2019, Altura recorded net income of \$0.9 million and \$1.0 million, respectively, from increased production volumes and higher crude oil prices.

OFF BALANCE SHEET ARRANGEMENTS

Altura does not have any off-balance sheet arrangements that would result in a material change to its financial position, performance or adjusted funds flow during the reporting periods.

RELATED PARTY TRANSACTIONS

Other than the payment of compensation to key management personnel and the board of directors, 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

On January 1, 2019, Altura adopted IFRS 16, "Leases" ("IFRS 16"). The Corporation has applied the new standard using the modified retrospective approach. The modified retrospective approach does not require restatement of prior period financial information as it recognizes the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively. Therefore, the comparative information in the Corporation's financial statements have not been restated. On adoption, Altura elected to use the following practical expedient permitted under the standard:

- Short-term leases and leases of low-value assets are not recognized on the balance sheet and lease payments are instead recognized in the financial statements as incurred.

The impacts of adoption of IFRS 16 as at January 1, 2019 was a \$241,000 increase to right-of-use ("ROU") assets with a corresponding increase to lease liabilities. The ROU assets and lease liabilities were measured at the present value of the remaining lease payments, discounted using Altura's weighted average incremental borrowing rate of 5.6 percent, as at January 1, 2019.

Management applies judgment in reviewing each of its contractual arrangements to determine whether the arrangement contains a lease within the scope of IFRS 16. The measurement of lease liabilities is subject to management's judgment of the applicable incremental borrowing rate.

Altura's adjusted funds flow was impacted by the adoption of IFRS 16. Where lease payments made for certain operating items were previously included in G&A, these payments are now reflected as payments of interest and lease liabilities, which increases adjusted funds flow. As IFRS 16 was adopted using a modified retrospective approach, prior period comparatives have not been restated and may not be comparable.

ADVISORIES

Non-GAAP Measures

This MD&A and second quarter report contains references to measures used in the oil and natural gas industry such as "adjusted funds flow", "adjusted working capital deficit", "net debt", and "operating netback". The data presented in this MD&A and second quarter report is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. These reported non-GAAP measures 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.

Adjusted Funds Flow

Altura considers adjusted funds flow to be a key measure of performance as it demonstrates the Corporation's ability to generate the necessary funds for sustaining capital, future growth through capital investment, and to repay debt. Management believes that such a measure provides a useful assessment of Altura's business on a continuing basis by eliminating certain non-cash charges, transaction costs, if any, and actual settlements of decommissioning obligations, the timing of which, in the opinion of management, is discretionary.

Altura reports adjusted funds flow in total, on a per share basis and on a per boe basis. The Corporation's adjusted funds flow is disclosed in the "Net Income and Adjusted Funds Flow" section of this MD&A on page 14. The following schedule sets out the reconciliation of net income to adjusted funds flow and cash flow from operating activities for the reporting period and the comparable prior period:

(\$000)	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Net income	1,044	2,750	1,973	2,927
Adjusted for the following non-cash items				
Deferred tax expense	195	676	593	676
Depletion, depreciation and amortization	2,274	1,525	4,911	3,263
Accretion of decommissioning liability	26	27	54	64
Share-based compensation	167	209	325	425
Gain on disposition of assets	-	(2,902)	-	(2,902)
Lease interest	3	-	6	-
Unrealized gain on financial instruments	(363)	-	(363)	-
Adjusted funds flow	3,346	2,285	7,499	4,453
Changes in non-cash operating working capital	222	425	(1,641)	700
Transaction costs on property disposition	-	(397)	-	(397)
Cash flow from operating activities	3,568	2,313	5,858	4,756

Adjusted Working Capital Deficit and Net Debt

Management views adjusted working capital deficit and net debt as key industry benchmarks and measures to assess the Corporation's financial position and liquidity. Adjusted working capital deficit is calculated as current assets, excluding the Fair Value of Financial Instruments less current liabilities, excluding the Fair Value of Financial Instruments. Net debt is calculated as adjusted working capital deficit less the current portion of lease liabilities and less the current portion of the decommissioning liability. Management has excluded the current portion of the decommissioning liability as this is an estimate based on management's assumptions and subject to volatility based on changes in cost and timing estimates, the risk-free discount rate and inflation rate. Altura's adjusted working capital deficit and net debt are disclosed in the "Liquidity" and "Net Debt" sections of this MD&A on page 21.

Operating Netback

Altura calculates operating netback on a per boe basis as petroleum and natural gas sales plus realized gain on financial instruments less royalties, operating and transportation costs. Management feels that operating netback is a key industry benchmark and a measure of performance for Altura that provides investors with information that is commonly used by other

crude oil and natural gas producers. The measurement on a per boe basis assists management and investors with evaluating operating performance on a comparable basis. Altura's operating netback is disclosed in the "Operating Netback" section of this MD&A on page 11.

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 second 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", "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 MD&A and second quarter report contains forward-looking information and statements pertaining to:

- the 2019 capital expenditure program;
- forecasted average production and percent growth for 2019; and
- plans to implement a waterflood pilot project in 2019.

The forward-looking information and statements contained in this MD&A and second quarter report reflect several material factors and expectations and assumptions of Altura including, without limitation:

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

Altura believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct. To the extent that any forward-looking information contained herein may be considered future oriented financial information or a financial outlook, such information has been included to provide readers with an understanding of management's assumptions used for budgeting 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 second 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 by Altura or by third party operators, if any, 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 MD&A and second quarter report speak only as of the date of this MD&A and second 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.