

2018 FIRST QUARTER REPORT



OPERATIONAL AND FINANCIAL SUMMARY

	Three months ended		
	March 31, 2018	December 31, 2017	March 31, 2017
OPERATING			
Average daily production			
Medium oil (Bbls/d)	408	414	539
Heavy oil (Bbls/d)	547	544	309
Natural gas (Mcf/d)	1,336	1,286	909
NGLs (Bbls/d)	37	30	16
Total (Boe/d)	1,215	1,202	1,015
Total Boe/d per million shares – diluted	11.1	11.0	9.3
Average realized prices			
Medium oil (\$/Bbl)	51.06	55.73	53.47
Heavy oil (\$/Bbl)	45.58	48.54	45.86
Natural gas (\$/Mcf)	2.14	1.81	2.96
NGLs (\$/Bbl)	50.44	45.46	40.56
Total (\$/Boe)	41.58	44.22	45.62
NETBACK (\$/Boe)			
Petroleum and natural gas sales	41.58	44.22	45.62
Royalties	(4.54)	(3.24)	(4.20)
Operating	(11.01)	(9.72)	(9.96)
Transportation	(1.65)	(1.86)	(2.12)
Operating netback ⁽¹⁾	24.38	29.40	29.34
General and administrative	(4.05)	(6.20)	(3.83)
Interest and financing expense	(0.51)	(0.38)	(0.07)
Interest income	-	-	0.16
Corporate netback ⁽¹⁾	19.82	22.82	25.60
FINANCIAL (\$000, except per share amounts)			
Petroleum and natural gas sales	4,547	4,892	4,165
Adjusted funds flow ⁽¹⁾	2,168	2,526	2,337
Per share – diluted ⁽¹⁾	0.02	0.02	0.02
Cash flow from operating activities	2,443	1,940	2,794
Per share – diluted	0.02	0.02	0.03
Income (loss)	177	(1,032)	13
Per share – diluted ⁽²⁾	-	(0.01)	-
Capital expenditures, acquisitions and dispositions	7,345	2,728	8,952
Net debt (working capital surplus) ⁽¹⁾	8,561	3,729	(2,436)
Common shares outstanding (000)			
End of period – basic	108,921	108,921	108,921
Weighted average for the period – basic ⁽²⁾	108,921	108,921	108,921
Weighted average for the period – diluted ⁽²⁾	109,133	109,570	109,289

(1) Adjusted funds flow, adjusted funds flow per share, net debt, corporate netback, and operating netback 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) Basic weighted average shares are used to calculate diluted per share amounts when the Corporation is in a loss position.

PRESIDENT'S MESSAGE

FIRST QUARTER 2018 HIGHLIGHTS

- Production volumes averaged 1,215 Boe per day (82 percent oil and NGLs), a per share increase of 20 percent from the first quarter of 2017. First quarter production from the assets being sold averaged 668 Boe per day.
- Drilled and brought on production a 1.5-mile extended reach horizontal ("ERH") oil well at Leduc-Woodbend and a horizontal oil well at Macklin.
- Leduc-Woodbend production volumes averaged 532 Boe per day (83 percent oil and NGLs), an increase of 398 percent from the first quarter of 2017.
- Total company operating and transportation costs were \$12.66 per Boe, up 9 percent from the first quarter of 2017, while Leduc-Woodbend operating and transportation costs were \$8.79 per Boe, down 29 percent from the first quarter of 2017 and down 3 percent from the fourth quarter of 2017.
- Capital expenditures totaled \$7.3 million, including \$4.3 million on drilling, completions and equipping, plus \$2.4 million on facilities and a new natural gas gathering pipeline at Leduc-Woodbend that connects Altura's northern producing wells to a second third-party gas plant. The significant infrastructure investment positions Altura to continue to reduce operating costs and grow production profitably as it develops Leduc-Woodbend.
- Adjusted funds flow was \$2.2 million (\$19.82 per Boe) with an operating netback of \$24.38 per Boe.
- Net debt at March 31, 2018 was \$8.6 million or 1.0 times annualized first quarter adjusted funds flow.

OPERATIONAL REVIEW

Leduc-Woodbend

Since acquiring its initial land position in 2015 and drilling its first horizontal well in August 2016, Altura has accumulated 66 sections of 100 percent working interest land in this Upper Mannville Rex oil pool. Altura believes this pool to be one of the largest conventional oil pools discovered in the Western Canada Sedimentary Basin within the last 20 years. The Corporation is in the very early stages of delineating this large discovery, with only five horizontal wells drilled to date out of a significant inventory of development locations.

In the first quarter of 2018, Altura drilled and completed a 1.5-mile ERH well (100/02-02-049-26W4 or "02-02"), its third ERH well in the pool. The well was drilled to a vertical depth of 1,300 meters with a horizontal length of approximately 2,000 meters with 46 frac stages. Drilling and completion costs for 02-02 including access roads and pad construction are estimated at \$2.6 million.

The 02-02 well was placed on production on February 24th and produced a total of 10,626 Bbls of 17° API oil over the first 45 calendar days ending April 9th. The well was shut-in on April 9th and remained shut-in for a period of 23 days while waiting for lease conditions to dry during spring break-up and allow access to repair a broken rod. On May 2nd, the well was repaired and subsequently resumed production.

The initial ERH wells, 102/13-14-049-26W4 ("13-14") and 100/03-02-049-26W4 ("03-02"), were placed on production on October 27, 2017. Current production rates from all three ERH wells (13-14, 03-02, and 02-02) are exceeding management's expectations. Based on production history to date, Altura is forecasting each well to range between 150-175 Boe per day over the first 12 months of production. For more detailed information, please refer to Altura's corporate presentation on the Corporation's website at www.alturaenergy.ca.

The Corporation continues to invest in critical infrastructure in the area. In March, Altura constructed a key natural gas gathering pipeline that connects Altura's northern producing wells to a second third-party gas plant. This pipeline was commissioned on March 23rd and will increase Altura's natural gas gathering and processing capacity, reduce processing fees, and enable Altura to avoid periodic production curtailments related to third-party gas gathering systems.

EAST CENTRAL ALBERTA AND SASKATCHEWAN ASSET DISPOSITION

The Corporation has entered into an agreement (the "Transaction") for the sale of its east central Alberta and Saskatchewan assets, which includes the Eyehill, Eyehill South, Macklin, Wildmere, Killam and Provost Minor areas (the "Assets"), for cash consideration of \$28,375,000, subject to customary post-closing adjustments. The adjustment date of the Transaction is April 1, 2018 and closing is expected to occur on May 31, 2018, subject to the receipt of all necessary regulatory approvals and the satisfaction of other customary closing conditions. The board of directors of Altura has unanimously approved the Transaction.

The reserves associated with the Assets as at December 31, 2017, based on the evaluation by Altura's independent reserves evaluator, McDaniel & Associates Consultants Ltd. (the "McDaniel Report"), include:

Category	Crude Oil (Mbbbl) ⁽¹⁾	Conventional Natural Gas (MMcf) ⁽¹⁾	Natural Gas Liquids (Mbbbl) ⁽¹⁾	Oil Equivalent (Mboe) ⁽¹⁾	Future Development Costs (000)
Total Proved	1,511	2,064	18	1,873	\$9,154
Total Probable	1,197	810	9	1,341	\$8,852
Total Proved + Probable ⁽²⁾	2,707	2,874	27	3,213	\$18,006

(1) Based on McDaniel's January 1, 2018 forecast prices.

(2) Numbers may not add due to rounding.

The Assets encompass approximately 56 (44 net) sections of land and sales volumes of 668 Boe per day (530 Bbls per day of oil, 11 Bbls per day of NGLs and 766 Mcf per day of natural gas) with an operating netback of \$23.33 per Boe for the first quarter of 2018.

Transaction metrics include:

Proceeds on disposition (\$)	\$28,375,000
Annualized production volumes (Boe/d) ⁽¹⁾	668
Annualized operating income (\$) ⁽²⁾	\$5,688,000
\$/flowing Boe per day (\$/Boe/d) ⁽³⁾	\$42,478
Cash flow multiple (times) ⁽⁴⁾	5.0

(1) Actual production volumes produced for the first quarter of 2018.

(2) Annualized operating income equals annualized production volumes times Q1 2018 operating netback times days in the year (668 Boe/d x \$23.33/Boe x 365 days).

(3) \$/flowing Boe per day equals proceeds on disposition divided by annualized production volumes (\$28,375,000/668 Boe/d).

(4) Cash flow multiple equals proceeds on disposition divided by annualized operating income (\$28,375,000/\$5,688,000).

The Assets carry a Liability Management Rating ("LMR") of 7.0 and subsequent to the close of the Transaction Altura is expected to have an LMR of 8.4. The sale of the Assets exits Altura from east central Alberta and Saskatchewan, allowing the Corporation to concentrate entirely on its large conventional oil pool at Leduc-Woodbend.

REVISED CREDIT FACILITIES

Altura's lender has indicated the Corporation's credit facility will be amended to approximately \$3 million (the "New Facility") upon the closing of the Transaction, which will be undrawn. This New Facility will amend and replace Altura's existing \$10 million credit facility.

Upon closing the Transaction, Altura forecasts its working capital surplus to be approximately \$20 million, with no debt.

POST-TRANSACTION STRATEGY

Post-closing, Altura will have the financial resources to aggressively develop its prolific Leduc-Woodbend Upper Mannville oil property in the second-half of 2018 and through 2019. Following the Transaction, Altura will have a land base of 66 net sections within the Leduc-Woodbend pool, approximately 550 Boe per day of production (80 percent oil and NGLs), and approximately 1,221 Mboe of proved reserves and 2,140 Mboe of proved plus probable reserves based on the McDaniel Report.

The Corporation plans to commence drilling at Leduc-Woodbend with an eight (7.7 net) ERH well program starting mid-June 2018. Additionally, Altura will accelerate the expansion of its multi-well battery at 12-14-049-26W4 to a processing capacity of 3,000 to 3,500 barrels of oil per day, which was previously planned for 2019. Total forecasted capital expenditures for 2018, excluding dispositions, will increase from \$15 million to \$33 million and production is forecasted to exit 2018 at approximately 1,900 Boe per day.

ANNUAL GENERAL MEETING

The Annual General Meeting of shareholders will be held at 9:30 a.m. on Thursday, May 17, 2018 in the Devonian Room at the Calgary Petroleum Club, 319 – 5th Avenue SW, Calgary, Alberta.

AAPG 2018 ANNUAL CONVENTION AND EXHIBITION

Rob Pinckston, Vice-President, Exploration has been invited to present Altura's Leduc-Woodbend discovery at the American Association of Professional Geologists (AAPG) Division of Professional Affairs (DPA) "Discovery Thinking Forum-Awakening Sleeping Giants" on Monday, May 21, 2018 at the Salt Palace Convention Center in Salt Lake City, Utah. The Discovery Thinking Forum will be the twentieth presentation of the AAPG 100th Anniversary Committee's program recognizing "100 Who Made a Difference" and will feature five invited speakers who will describe major and significant discoveries. A copy of the presentation will be available on Altura's website at www.alturaenergy.ca.

On behalf of our management team and board of directors, we thank our shareholders for their ongoing support and commitment to Altura.

Respectfully,

/s/ David Burghardt
President and Chief Executive Officer
May 15, 2018

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 May 15, 2018 and should be read in conjunction with the Corporation's unaudited interim condensed consolidated financial statements and related notes for the three months ended March 31, 2018, the audited consolidated financial statements and related notes for the year ended December 31, 2017, 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 and east central Alberta and Saskatchewan. Altura predominantly produces from the Sparky and Rex members in the Upper Mannville group and is focused on delivering per share growth and attractive shareholder returns through a combination of organic growth and key 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".

MAJOR TRANSACTION SUBSEQUENT TO THE REPORTING PERIOD

On May 15, 2018 the Corporation entered into an agreement (the "Transaction") with an unrelated third party for the sale of its east central Alberta and Saskatchewan assets, which includes the Eyehill, Eyehill South, Macklin, Wildmere, Killam and Provost Minor areas (the "Assets"), for cash consideration of \$28,375,000, subject to customary post-closing adjustments. The adjustment date of the transaction is April 1, 2018 and closing is expected to occur on May 31, 2018, subject to the receipt of all necessary regulatory approvals and the satisfaction of other customary closing conditions.

The reserves associated with the Assets as at December 31, 2017, based on the evaluation by Altura's independent reserves evaluator, McDaniel & Associates Consultants Ltd. (the "McDaniel Report"), include:

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The Assets encompass approximately 56 (44 net) sections of land and sales volumes of 668 Boe per day (530 Bbls per day of oil, 11 Bbls per day of NGLs and 766 Mcf per day of natural gas) with an operating netback of \$23.33 per Boe for the first quarter of 2018.

RESULTS OF OPERATIONS

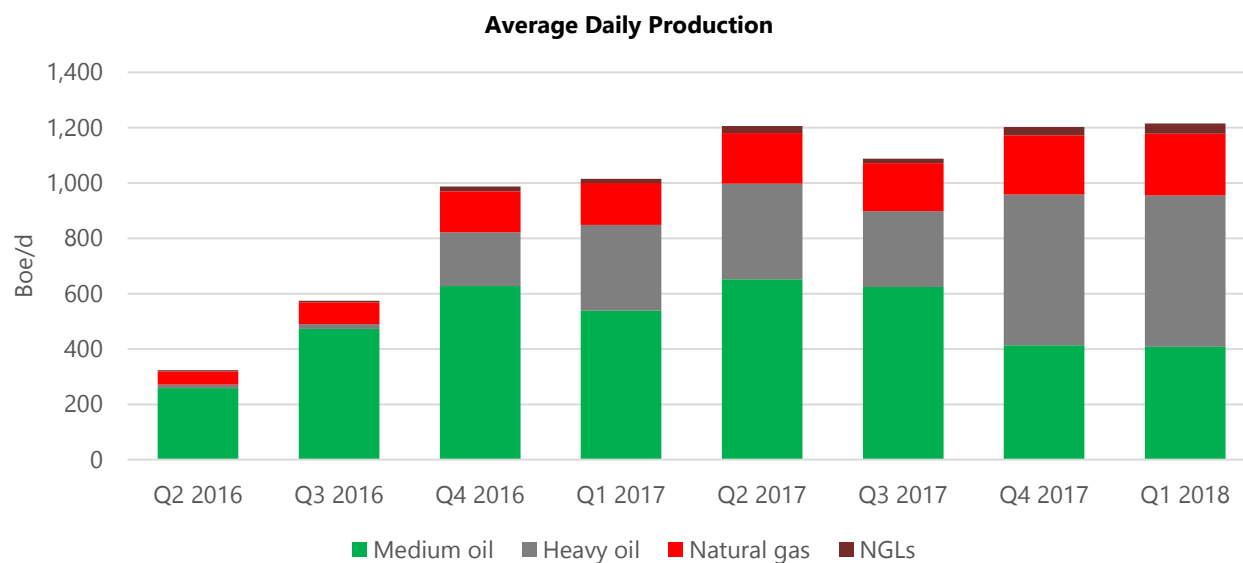
Production

	Three months ended March 31		
	2018	2017	% Change
Medium oil (Bbls/d)	408	539	(23)
Heavy oil (Bbls/d)	547	309	77
Natural gas (Mcf/d)	1,336	909	47
Natural gas liquids ("NGLs") (Bbls/d)	37	16	131
Total (Boe/d)	1,215	1,015	20
Oil and natural gas liquids % of production	82%	85%	(4)

Crude oil production volumes in the first quarter of 2018 increased to 955 barrels per day from 848 barrels per day in the first quarter of 2017 as the decrease in medium oil was more than offset by the increase in heavy oil. The increase in heavy oil, natural gas and NGLs production is mainly due to the increase in production from the Corporation's drilling program in the Leduc-Woodbend and Macklin areas. The decrease in medium oil reflects natural production declines at Eyehill and Killam.

Altura brought two wells on production in the first quarter of 2018; an extended reach horizontal oil well at Leduc-Woodbend and a horizontal oil well at Macklin.

The following exhibit shows Altura's quarterly production over the past eight quarters.



Revenue

(\$000)	Three months ended March 31		
	2018	2017	% Change
Medium oil	1,877	2,591	(28)
Heavy oil	2,245	1,275	76
Natural gas	258	242	7
Natural gas liquids	167	57	193
Petroleum and natural gas sales	4,547	4,165	9

Petroleum and natural gas sales for the first quarter of 2018 increased nine percent to \$4.5 million compared to \$4.2 million in the first quarter of 2017. The quarter-over-quarter increase of \$382,000 consists of \$548,000 attributed to increased production volumes, partially offset by \$166,000 attributed to lower realized commodity prices.

Altura's objective is to sell 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 West Texas Intermediate ("WTI") oil price and the Western Canadian Select ("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 connecting key consuming oil markets.

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

	Three months ended March 31		
	2018	2017	% Change
Average Benchmark Prices			
WTI crude oil (US\$/Bbl) ⁽¹⁾	62.87	51.91	21
WCS differential (US\$/Bbl) ⁽²⁾	(24.28)	(14.58)	67
US\$/Cdn\$ exchange rate	0.791	0.756	5
WCS (Cdn\$/Bbl)	48.77	49.38	(1)
AECO daily spot (\$/GJ)	1.97	2.55	(23)
Average Realized Prices			
Medium oil (\$/Bbl)	51.06	53.47	(5)
Heavy oil (\$/Bbl)	45.58	45.86	(1)
Natural gas (\$/Mcf)	2.14	2.96	(28)
Natural gas liquids (\$/Bbl)	50.44	40.56	24
Average realized price (\$/Boe)	41.58	45.62	(9)

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

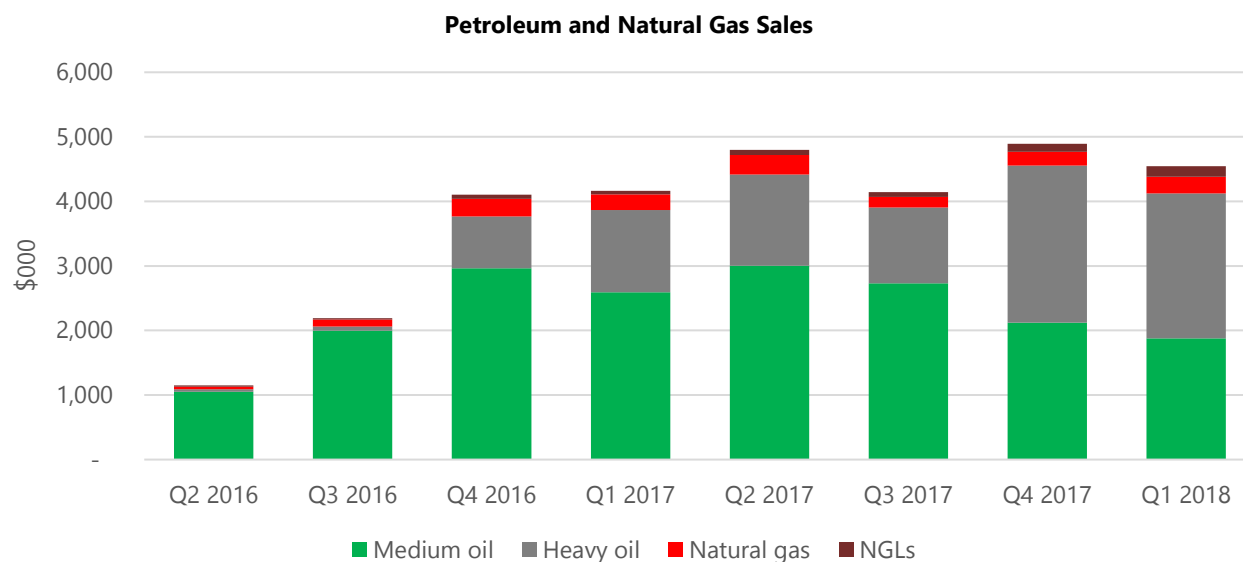
(2) WCS differential represents the difference between the average market price for the benchmark Western Canadian Select heavy crude oil and WTI.

For the first quarter of 2018, WTI increased 21 percent compared to the first quarter of 2017; however, the WCS differential widened to US\$24.28 per barrel from US\$14.58 per barrel due to export pipeline capacity constraints that emerged in the fourth quarter of 2017 from pipeline outages and increased oilsands production in western Canada. The widening of the WCS differential, and the appreciation of the Canadian dollar resulted in WCS decreasing one percent to \$48.77 per barrel from \$49.38 per barrel in the first quarter of 2017.

Altura's average realized price decreased nine percent to \$41.58 per Boe in the first quarter of 2018 from the first quarter of 2017. This decrease is a result of the widening of the WCS differential, the stronger Canadian dollar and the increase in the Corporation's percentage of lower-priced heavy oil and natural gas production volumes compared to the first quarter of 2017.

For the first quarter of 2018 Altura's realized natural gas price decreased by 28 percent compared to the first quarter of 2017 due to the decline in the AECO daily spot price, which was impacted by concerns of oversupply, ongoing third-party maintenance, and infrastructure constraints in western Canada.

The following exhibit shows Altura's petroleum and natural gas sales over the past eight quarters.



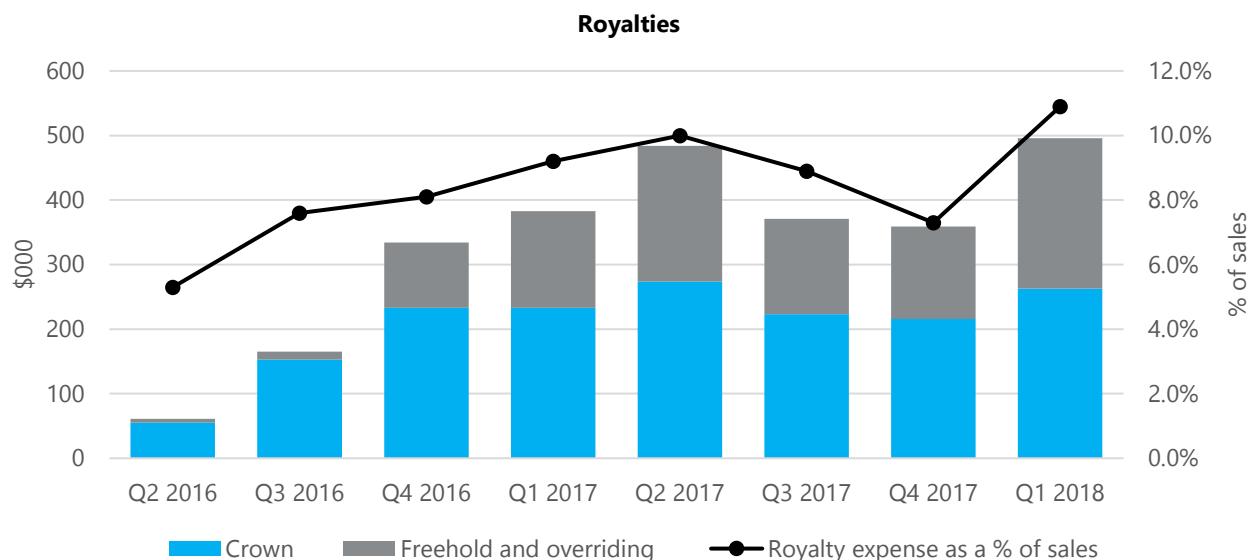
Royalties

(\$000, except % and per Boe)	Three months ended March 31		
	2018	2017	% Change
Crown royalties	263	233	13
Freehold and overriding royalties	233	150	55
Royalty expense	496	383	30
Royalty expense as a % of sales	10.9%	9.2%	18
Royalty expense per Boe	4.54	4.20	8

The Corporation's royalties are owed to the provincial governments of Alberta and Saskatchewan, and mineral rights owners. Royalties are either paid or taken in kind. The terms of the provincial government royalty regimes and mineral rights owner agreements impact the Corporation's overall corporate royalty rate.

In the first quarter of 2018, royalties as a percentage of sales increased to 10.9 percent compared to 9.2 percent in the first quarter of 2017 from higher freehold royalties, mainly due to higher freehold mineral tax rates.

The following exhibit shows Altura's royalty expenses over the past eight quarters.



Operating and Transportation Costs

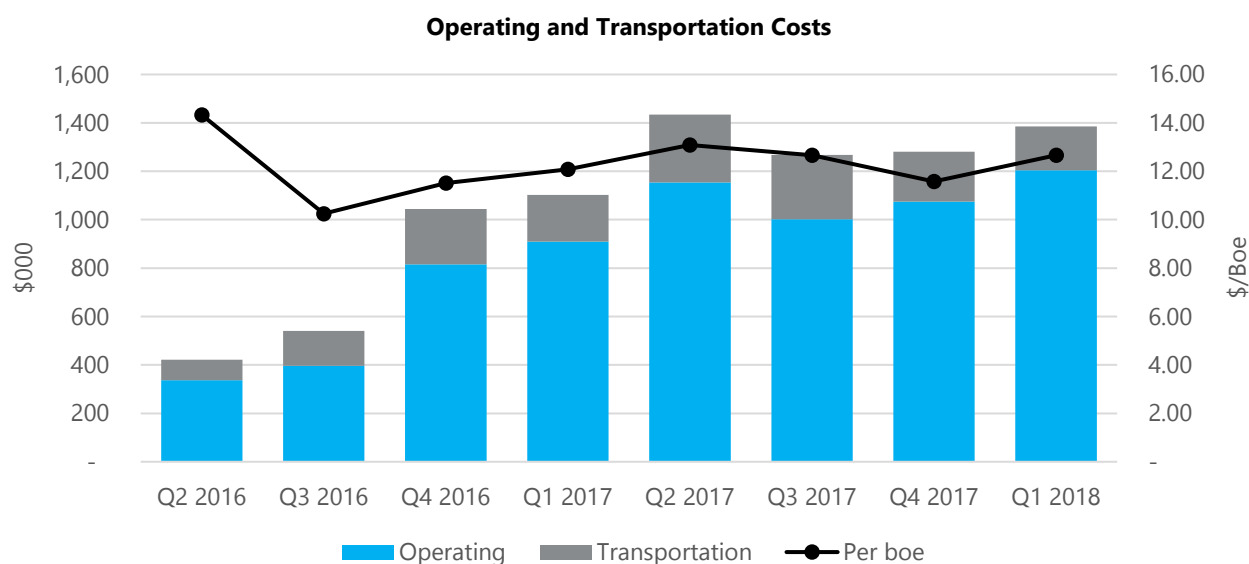
(\$000, except per Boe)	Three months ended March 31		
	2018	2017	% Change
Operating	1,204	910	32
Transportation	181	193	(6)
Operating and transportation	1,385	1,103	26
Operating per Boe	11.01	9.96	11
Transportation per Boe	1.65	2.12	(22)
Operating and transportation per Boe	12.66	12.08	5

Operating and transportation costs were \$1.4 million for the first quarter of 2018 compared to \$1.1 million for the first quarter of 2017. This increase is mainly due to Altura's increase in overall production volumes.

On a per Boe basis, operating and transportation costs were \$12.66 for the first quarter of 2018. The increase of five percent from the first quarter of 2017 was primarily a result of increased repairs and maintenance expenses and higher gas processing and gathering fees from the increase in natural gas production volumes.

Crude oil is hauled from well sites to sales terminals either as clean oil or as emulsion. Clean oil hauling is recorded to transportation costs and emulsion hauling, which includes a percentage of water that requires treating, is recorded to operating costs. The decreased transportation costs of \$0.47 per Boe in the first quarter of 2018 from the first quarter of 2017 is due to a decreased percentage of clean oil hauling and an increased percentage of emulsion hauling from the increased production at Leduc-Woodbend. Altura remains committed to expanding its multi-well battery at Leduc-Woodbend. The multi-well battery will treat emulsion on site and enable the Corporation to haul clean oil and reduce total operating and transportation costs.

The following exhibit shows Altura's operating and transportation costs over the past eight quarters.



Operating and transportation costs increased by \$1.08 per Boe to \$12.66 per Boe in the first quarter of 2018 from \$11.58 per Boe in the fourth quarter of 2017, due mainly to increased repairs and maintenance expenses, chemical expenses and emulsion hauling, which were partially offset by decreased water hauling and disposal costs.

General and Administrative ("G&A") Expenses

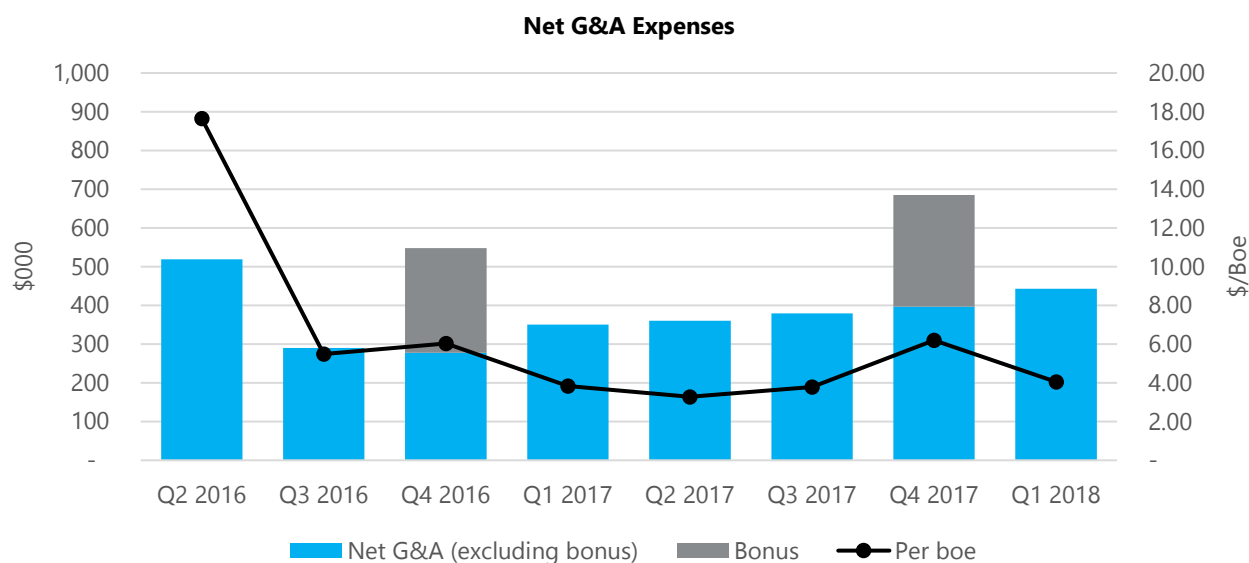
(\$000, except per Boe)	Three months ended March 31		
	2018	2017	% Change
Gross G&A	572	462	24
Capitalized G&A and overhead recoveries	(129)	(112)	15
Net G&A expenses	443	350	27
Net G&A per Boe	4.05	3.83	6

Net G&A expenses totaled \$443,000 for the first quarter of 2018 compared to \$350,000 for the first quarter of 2017. The increase is primarily related to increased salaries and benefits, and professional services associated with the Corporation's growth, partially offset by increased capitalized G&A.

Net G&A expenses increased six percent to \$4.05 per Boe for the first quarter of 2018 compared to the first quarter of 2017 due to the increased costs described above, partially offset by higher 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 increase in capitalized G&A and overhead recoveries in the first quarter of 2018 is a result of increased salaries and benefits and an increase in employee time allocated to capital projects compared to the first quarter of 2017.

The following exhibit shows Altura's net G&A expenses over the past eight quarters.



The increased G&A observed in the fourth quarter of 2016 and the fourth quarter of 2017 primarily relate to additional costs associated with management bonuses.

Interest and Financing Expenses

(\$000, except per Boe)	Three months ended March 31		
	2018	2017	% Change
Interest and financing expenses	55	6	>500
Interest and financing expenses per Boe	0.51	0.07	>500

Interest and financing expenses totaled \$55,000 in the first quarter of 2018 compared to \$6,000 in the same period of 2017. The increase is due to higher average bank debt as the first quarter of 2017 expenses related to standby fees. Altura's interest rate in the first quarter of 2018 was 4.9 percent.

Interest Income

(\$000, except per Boe)	Three months ended March 31		
	2018	2017	% Change
Interest income	-	14	(100)
Interest income per Boe	-	0.16	(100)

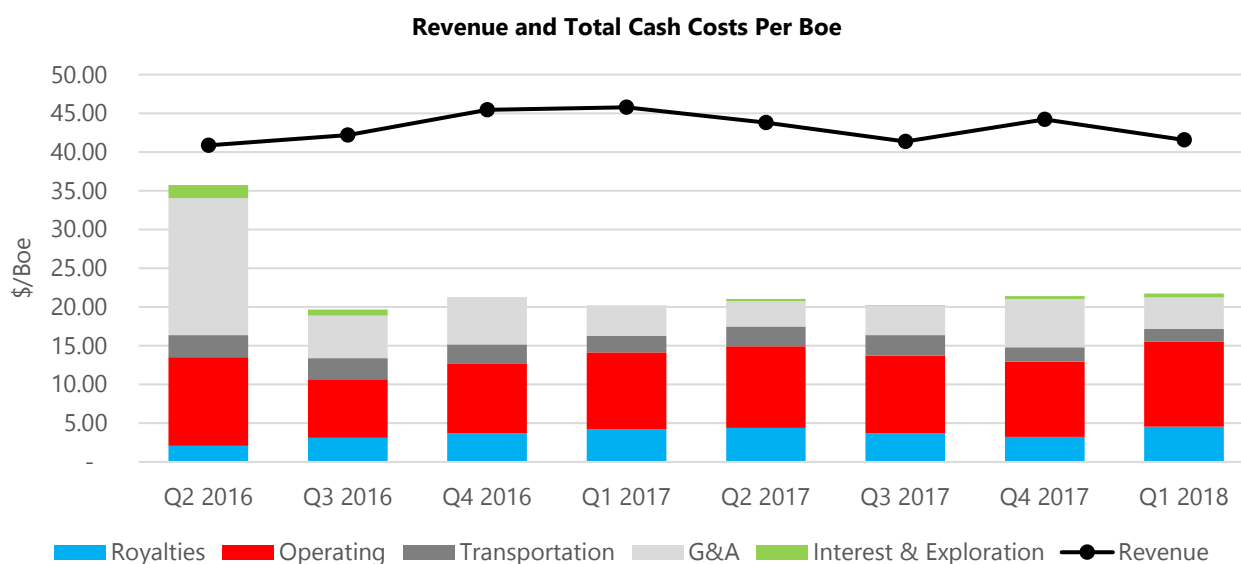
Interest income was nil in the first quarter of 2018, compared to \$14,000 in the first quarter of 2017. The decrease is due to no cash invested in the first quarter of 2018.

Netbacks

(\$/Boe)	Three months ended March 31		
	2018	2017	% Change
Average realized sales price	41.58	45.62	(9)
Royalties	(4.54)	(4.20)	8
Operating	(11.01)	(9.96)	11
Transportation	(1.65)	(2.12)	(22)
Operating netback	24.38	29.34	(17)
General and administrative	(4.05)	(3.83)	6
Interest and financing expenses	(0.51)	(0.07)	>500
Interest income	-	0.16	(100)
Corporate netback	19.82	25.60	(23)

Altura's corporate netback was \$19.82 per Boe in the first quarter of 2018 compared to \$25.60 per Boe in the first quarter of 2017. The decrease is mainly a result of a lower average realized sales price and increased per unit royalties, operating, G&A and interest expenses and no interest income, partially offset by decreased per unit transportation costs.

The following exhibit shows Altura's revenue (average realized sales price plus interest income) per Boe, and total cash costs per Boe over the past eight quarters.



Share-Based Compensation

(\$000)	Three months ended March 31		
	2018	2017	% Change
Share-based compensation	274	273	-
Capitalized share-based compensation	(58)	(49)	18
Share-based compensation expense	216	224	(4)

Altura's share-based compensation is comprised of stock option expense and performance warrant expense. The Corporation uses the fair-value method for the determination of non-cash related share-based compensation and the expense is recorded over the expected life. Share-based compensation, before capitalized amounts, totaled \$274,000 in the first quarter of 2018, compared to \$273,000 in the first quarter of 2017.

Altura's policy is to capitalize costs that are directly attributable to investments of property and equipment or exploration and evaluation assets. The increase in capitalized share-based compensation in the first quarter of 2018 is a result of increased employee time allocated to capital projects compared to 2017.

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

(\$000, except per Boe)	Three months ended March 31		
	2018	2017	% Change
DD&A	1,738	2,064	(16)
DD&A per Boe	15.89	22.61	(30)

Altura uses proved and probable reserves to calculate DD&A expense. For the first quarter of 2018, DD&A decreased 16 percent compared to the first quarter of 2017 due to increased production volumes. On per unit basis, DD&A decreased to \$15.89 per Boe from \$22.61 per Boe in the first quarter of 2017. The decrease on an absolute and per unit basis 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 quarter of 2017 and due to the impairment recognized in Killam CGU in the fourth quarter of 2017.

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 March 31, 2018, 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 or related reversal was recorded on Altura's D&P assets and E&E assets for the three months ended March 31, 2018.

Deferred Taxes

The Corporation had no deferred income tax expense or recovery in the three months ended March 31, 2018 and 2017. As at March 31, 2018 and 2017, the Corporation had an unrecognized deferred tax asset.

Cash Flow from Operating Activities and Adjusted Funds flow

Management uses adjusted funds flow to analyze operating performance. Adjusted funds flow and adjusted funds flow per share are non-GAAP measures defined by the Corporation as cash flow from operating activities from the statements of cash flows before decommissioning expenditures, if any, transaction costs, if any, and changes in non-cash operating working capital. Adjusted funds flow 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. Adjusted funds flow per share is calculated based on the weighted average number of basic and diluted common shares outstanding. Altura's calculation of adjusted funds flow 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 adjusted funds flow for the reporting periods and the comparable prior periods:

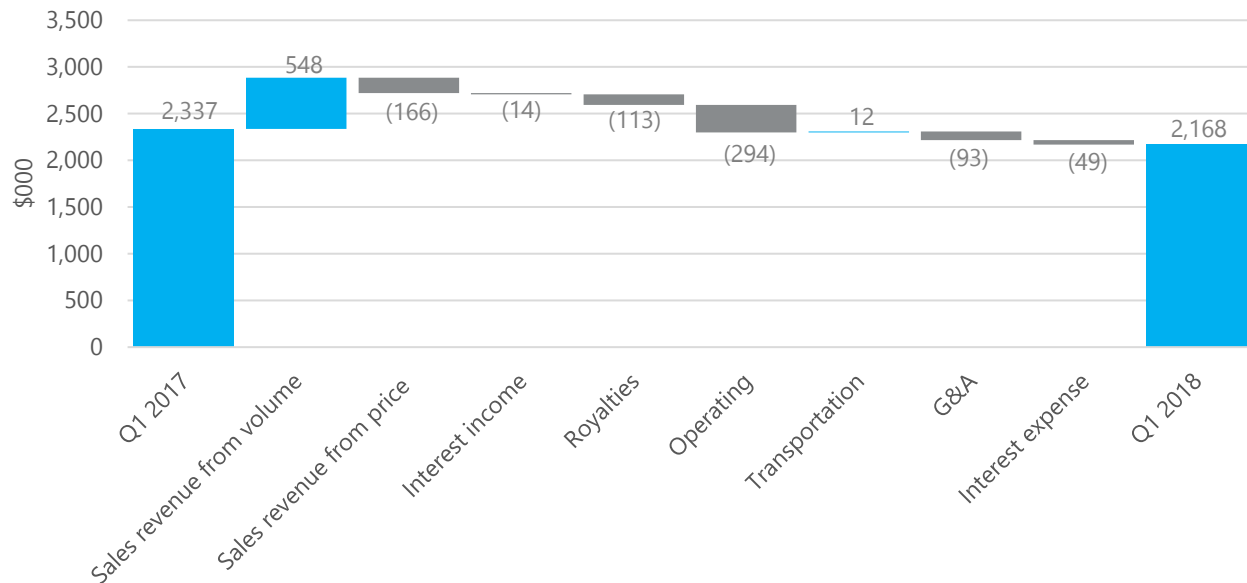
(\$000, except per share amounts)	Three months ended March 31		
	2018	2017	% Change
Cash flow from operating activities	2,443	2,794	(13)
Decommissioning liabilities settled	-	11	(100)
Changes in non-cash operating working capital	(275)	(468)	(41)
Adjusted funds flow	2,168	2,337	(7)
Per share – basic	0.02	0.02	-
Per share – diluted	0.02	0.02	-

Cash flow from operating activities decreased to \$2.4 million for the first quarter of 2018 compared to \$2.8 million in the first quarter of 2017. This decrease is due mainly to lower commodity prices and higher royalties, operating costs, G&A and interest expense, partially offset by increased production volumes. Additionally, the decrease in non-cash operating working capital was \$193,000 lower in the first quarter of 2018 compared to the decrease in the first quarter of 2017.

Details of the change in adjusted funds flow and corporate netback per Boe from the first quarter of 2017 to the first quarter of 2018, are as follows:

	Three months ended March 31	
	\$000	\$/Boe
Adjusted funds flow / Corporate netback – Q1 2017	2,337	25.60
Volume variance	548	-
Price variance	(166)	(4.04)
Interest and other income	(14)	(0.16)
Royalties	(113)	(0.34)
Expenses:		
Operating	(294)	(1.05)
Transportation	12	0.47
General and administrative	(93)	(0.22)
Interest and financing	(49)	(0.44)
Adjusted funds flow / Corporate netback – Q1 2018	2,168	19.82

First Quarter 2017 to First Quarter 2018 Changes in Adjusted Funds flow



Adjusted funds flow decreased \$169,000 in the first quarter of 2018 to \$2,168,000 from \$2,337,000 generated in the first quarter of 2017. This decrease is due mainly to lower commodity prices and higher royalties, operating costs, G&A and interest expense, partially offset by increased production volumes.

Income

(\$000, except per share amounts)	Three months ended March 31		
	2018	2017	% Change
Income	177	13	>500
Per share – basic	-	-	-
Per share – diluted	-	-	-

For the first quarter of 2018, Altura generated income of \$177,000 compared to income of \$13,000 in the first quarter of 2017. The increased income in the quarter is primarily attributed to decreased DD&A, partially offset by decreased adjusted funds flow.

Capital Expenditures

(\$000)	Three months ended March 31		
	2018	2017	% Change
Geological and geophysical	3	37	(92)
Land	123	1,247	(90)
Drilling and completions	3,987	5,187	(23)
Workovers	324	188	72
Equipping and facilities	2,779	2,180	27
Other	129	113	14
Total capital expenditures	7,345	8,952	(18)

In the first quarter of 2018, Altura invested a total of \$7.3 million on total capital expenditures. Drilling and completion projects in the quarter included one extended reach horizontal well at Leduc-Woodbend and one horizontal well at Macklin. The Corporation invested in key infrastructure at Leduc-Woodbend in the first quarter of 2018, including the construction of a

natural gas gathering pipeline for \$1.0 million that connects Altura's northern area production to a second third party gas plant. Additionally, Altura invested \$1.0 million on the initial phase of a multi-well battery which includes procurement of major equipment, full scale engineering, and the installation of water disposal equipment. The significant weighting to infrastructure investment positions Altura to continue to reduce operating costs and grow production profitably as it develops its Leduc-Woodbend oil pool.

Decommissioning Liability

At March 31, 2018, Altura's decommissioning liability was \$6.8 million (December 31, 2017 - \$6.6 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 2.2 percent (December 31, 2017 - 2.3 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 increase in liability is mainly due to new wells drilled in the first quarter of 2018 and accretion expense.

Accretion expense is the increase in the decommissioning liability resulting from the passage of time. For the three months ended March 31, 2018, accretion expense totaled \$37,000 (March 31, 2017 - \$36,000).

The Corporation's Liability Management Rating ("LMR") with the Alberta Energy Regulator ("AER") was 8.1 at March 31, 2018. 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.

CAPITAL RESOURCES AND LIQUIDITY

Working Capital

The Corporation had net debt of \$8.6 million at March 31, 2018, compared to \$3.7 million at December 31, 2017. At March 31, 2018, the major component of Altura's current assets was revenue (81 percent) to be received from its oil and gas marketers in respect to March 2018 production. Altura routinely assesses the financial strength of its marketers and joint interest partners and has determined all past due accounts receivable to be collectable. Current liabilities largely consist of trade and joint interest payables (11 percent), accrued liabilities (29 percent) related to the Corporation's operations, and bank debt (60 percent). The Corporation manages its working capital using a combination of its adjusted funds flow 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

At March 31, 2018, Altura had a revolving operating demand loan (the "Credit Facility") with a Canadian bank (the "Lender") with a maximum borrowing limit of \$10.0 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. As at March 31, 2018, the working capital ratio under the terms of the Credit Facility was calculated to be 1.3:1 (December 31, 2017 - 4.2:1).

As at March 31, 2018, \$6.4 million (December 31, 2017 - \$4.3 million) was drawn on the Credit Facility and the Corporation had outstanding letters of credit for \$160,000 (December 31, 2017 - \$201,000).

Subsequent to March 31, 2018, the Lender has indicated the Credit Facility will be amended to approximately \$3 million upon the closing of the Transaction. This new facility will be undrawn and will amend and replace Altura's existing \$10 million Credit Facility.

Upon closing the Transaction, Altura forecasts its working capital surplus to be approximately \$20 million, with no debt.

Shareholders' Equity

At March 31, 2018 there were 108,920,973 common shares outstanding, 9,749,879 performance warrants outstanding and 7,210,000 stock options outstanding. The number of common shares, performance warrants and stock options remain unchanged from December 31, 2017.

At May 15, 2018 the number of common shares, performance warrants and stock options outstanding remain unchanged from March 31, 2018.

Liquidity

At March 31, 2018, Altura had net debt of \$8.6 million, with \$3.5 million available on its Credit Facility. Altura expects to have adequate liquidity to fund its 2018 capital expenditure budget through a combination of cash flow from operating activities and its Credit Facility. Altura's ability to increase its borrowing capacity is based on its reserves value as determined by its external reserves evaluator.

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	2018		2017			2016		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
OPERATING								
Average daily production								
Medium oil (Bbls/d)	408	414	624	652	539	627	472	259
Heavy oil	547	544	274	346	309	195	18	12
Natural gas (Mcf/d)	1,336	1,286	1,045	1,098	909	890	473	289
NGLs (Bbls/d)	37	30	16	25	16	17	6	4
Total (Boe/d)	1,215	1,202	1,088	1,205	1,015	988	574	323
Average realized sales price								
Medium oil (\$/Bbl)	51.06	55.73	47.61	50.64	53.47	51.37	46.04	44.60
Heavy oil (\$/Bbl)	45.58	48.54	46.50	44.90	45.86	44.54	37.68	35.43
Natural gas (\$/Mcf)	2.14	1.81	1.71	3.03	2.96	3.34	2.53	1.53
NGLs (\$/Bbl)	50.44	45.46	49.54	36.44	40.56	44.75	33.53	52.30
Total (\$/Boe)	41.58	44.22	41.38	43.77	45.62	45.20	41.41	39.08
NETBACK (\$/Boe) ⁽¹⁾								
Petroleum and natural gas sales	41.58	44.22	41.38	43.77	45.62	45.20	41.41	39.08
Royalty expenses	(4.54)	(3.24)	(3.70)	(4.41)	(4.20)	(3.67)	(3.13)	(2.06)
Operating costs	(11.01)	(9.72)	(10.01)	(10.52)	(9.96)	(8.99)	(7.53)	(11.45)
Transportation costs	(1.65)	(1.86)	(2.65)	(2.55)	(2.12)	(2.52)	(2.73)	(2.88)
Operating netback ⁽¹⁾	24.38	29.40	25.02	26.29	29.34	30.02	28.02	22.69
General and administrative	(4.05)	(6.20)	(3.78)	(3.28)	(3.83)	(6.03)	(5.49)	(17.65)
Exploration expense	-	-	-	-	-	-	(0.70)	(1.01)
Interest and financing expense	(0.51)	(0.38)	(0.06)	(0.27)	(0.07)	(0.05)	(0.08)	(0.70)
Interest income	-	-	-	0.03	0.16	0.25	0.78	1.79
Corporate netback ⁽¹⁾	19.82	22.82	21.18	22.77	25.60	24.19	22.53	5.12
FINANCIAL (\$000, except per share)								
Petroleum and natural gas sales	4,547	4,893	4,143	4,800	4,165	4,106	2,189	1,149
Adjusted funds flow ⁽¹⁾	2,168	2,526	2,119	2,496	2,337	2,197	1,193	149
Per share – diluted ⁽¹⁾	0.02	0.02	0.02	0.02	0.02	0.02	0.01	-
Cash flow from (used in) operating activities	2,443	1,940	2,545	2,269	2,794	1,683	763	28
Per share – diluted	0.02	0.02	0.02	0.02	0.03	0.02	0.01	-
Income (loss)	177	(1,032)	322	594	13	264	(68)	(692)
Per share – diluted ⁽²⁾	-	(0.01)	-	0.01	-	-	-	(0.01)
(\$000)								
Capital expenditures, net	7,345	2,728	6,439	3,078	8,952	6,945	8,049	2,294
Total assets	55,973	50,807	49,848	46,890	49,083	45,915	44,704	41,431
Net debt (working capital surplus) ⁽¹⁾	8,561	3,729	2,881	(1,156)	(2,436)	(8,455)	(13,209)	(20,011)
Shareholders' equity	38,616	38,165	38,933	38,336	37,468	37,182	36,632	36,410
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⁾	109,133	109,570	108,922	109,082	109,289	108,921	108,921	108,921
Shares outstanding, end of period	108,921	108,921	108,921	108,921	108,921	108,921	108,921	108,921

- Adjusted funds flow, adjusted funds flow per share, net debt, operating netback and corporate netback 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.
- 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 second quarter of 2016 are the result of both an increase in oil and gas volumes sold as well as an increase in Altura's realized price for most quarters. The decline in production in the third quarter of 2017 is a result of natural production declines with no new wells being added in the quarter. The decline in the average realized sales price in the first quarter of 2018 is due mainly to the widening of heavy oil differentials resulting from crude oil export pipeline capacity constraints.

Capital expenditures in 2016 included seven gross (6.5 net) wells and a property acquisition, which resulted in an increase in production volumes in the third and fourth quarters of 2016 and the first quarter of 2017. Capital expenditures in 2017 included drilling eight wells, land acquisitions and pipeline construction and facility upgrades. Capital expenditures in the first quarter of 2018 included two wells, pipeline construction costs and facility equipment purchases.

Altura recorded income in the fourth quarter of 2016, and the first three quarters of 2017 due to increased petroleum and natural gas sales and lower relative cash and non-cash costs. In the fourth quarter of 2017, Altura recorded an impairment expense for \$1.5 million resulting in a loss.

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, 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

IFRS 15

The Corporation adopted IFRS 15, "Revenue from Contracts with Customers" on January 1, 2018. Altura used the modified retrospective adoption approach to adopt the new standard. The Corporation reviewed its revenue contracts with customers using the IFRS 15 five-step model, which resulted in a change in accounting of certain pipeline tariffs, impacting the March 31, 2017 comparative period. The change in accounting for certain tariffs resulted in revenue and transportation costs both decreasing by \$13,000 in the three months ended March 31, 2017, with no impact on income or the Corporation's financial position.

IFRS 9

The Corporation adopted IFRS 9, "Financial Instruments" on January 1, 2018. The transition to IFRS 9 had no material effect on the Corporation's financial statements. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI"); or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Impairment of financial assets: IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model. The new impairment model applies to financial assets measured at amortized cost, and contract assets and debt investments at FVOCI. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

Cash and cash equivalents, if any, accounts receivable and deposits continue to be measured at amortized cost and are now classified as "amortized cost". There was no change to the Corporation's classification of accounts payable and accrued liabilities and bank debt which are classified as "other financial liabilities" and are measured at amortized cost. The Corporation has not designated any financial instruments as FVOCI or FVTPL, nor does Altura use hedge accounting.

FUTURE CHANGES IN ACCOUNTING POLICIES

In January 2016, the IASB issued IFRS 16 "Leases", which replaces IAS 17 "Leases". 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 standard is required to be adopted either retrospectively or using a modified retrospective approach. IFRS 16 will be applied by Altura on January 1, 2019. The Corporation is currently in the contract identification stage of its IFRS 16 project and is evaluating the impact of the standard on Altura's financial statements.

ADVISORIES

Non-GAAP Measures

This MD&A and first quarter report contains references to measures used in the oil and natural gas industry such as "adjusted funds flow", "net debt", "corporate netback", "adjusted funds flow per share", "operating income", and "operating netback". 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 first 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.

Adjusted funds flow should not be considered an alternative to, or more meaningful than, cash provided by operating, investing and financing activities or loss as determined in accordance with GAAP, as an indicator of Altura's performance or liquidity. Adjusted funds flow is used by Altura to evaluate operating results and the Corporation's ability to generate cash flow to fund capital expenditures and repay indebtedness. Adjusted funds flow denotes cash flow from operating activities as it appears on the Corporation's statement of cash flows before decommissioning expenditures, if any, transaction costs, if any, and changes in non-cash operating working capital. Adjusted funds flow per share is calculated as adjusted funds flow divided by the weighted average number of basic and diluted common shares outstanding. Operating income denotes total sales less royalty expenses and operating and transportation costs. Operating netback is operating income calculated on a per Boe basis. Corporate netback denotes operating netback less general and administrative, interest and financing expense and exploration expense, if any, plus interest income on a per Boe basis. Altura uses net debt as a measure to assess its financial position. Net debt is equivalent to working capital deficit.

Oil and Gas Advisories

Reserves

McDaniel & Associates Consultants Ltd. is the Corporation's independent "qualified reserve evaluator" as defined in National Instrument 51-101. The McDaniel Report has an effective date of December 31, 2017 and a preparation date of February 21, 2018 and was prepared in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and NI 51-101. The reserve evaluation was based on McDaniel's forecast pricing and foreign exchange rates at January 1, 2018. The Reserves Committee of the Board and the Board of Directors of Altura have reviewed and approved the evaluation prepared by McDaniel.

All reserve references in this MD&A and first quarter report are "company share reserves". Company share reserves are the Corporation's total working interest reserves before the deduction of any royalties and including any royalty interests of the Corporation.

It should not be assumed that the present value of estimated future net revenue presented in the tables above represents the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates of Altura's crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein.

All future net revenues are estimated using forecast prices, arising from the anticipated development and production of our reserves, net of the associated royalties, operating costs, development costs, and abandonment and reclamation costs and are stated prior to provision for interest and general and administrative expenses. Future net revenues have been presented on a before tax basis. Estimated values of future net revenue disclosed herein do not represent fair market value.

The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

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.

Initial Production Rates

Any references in this MD&A and first quarter report 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. Initial production rates exclude hours and days when the well did not produce. Oil and gas formations are inherently unpredictable, particularly in the early stage of their development. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Corporation.

Forward-looking Information

This MD&A and first 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 first quarter report contains forward-looking information and statements pertaining to:

- plans concerning the expansion of a future multi-well battery at Leduc-Woodbend;
- ability to reduce processing fees and reduce production curtailments with the new natural gas gathering pipeline;
- the anticipated closing date of the Transaction;
- Altura's expected LMR upon completion of the Transaction;
- the New Facility that will be available to Altura upon completion of the Transaction;
- Altura's working capital surplus following the Transaction;
- Altura's assets and projected production, reserves and land holdings following completion of the Transaction;
- Altura's business plans and strategy following the Transaction, including its 2018 drilling plans and capital expenditure guidance; and
- Altura's forecasted 2018 exit production rate.

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 MD&A and first 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 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 first 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.

The forward-looking information and statements contained in this MD&A and first quarter report speak only as of the date of this MD&A and first 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.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

As at

(\$000)	March 31, 2018	December 31, 2017
ASSETS		
Current assets		
Accounts receivable (note 10)	1,933	2,297
Prepaid expenses and deposits	134	104
	2,067	2,401
Deposit	-	345
Exploration and evaluation (note 4)	4,640	4,517
Property and equipment (note 5)	49,266	43,544
Total assets	55,973	50,807
LIABILITIES		
Current liabilities		
Bank debt (note 6)	6,381	4,252
Accounts payable and accrued liabilities	4,181	1,812
Current portion of decommissioning liability (note 7)	66	66
	10,628	6,130
Decommissioning liability (note 7)	6,729	6,512
Total liabilities	17,357	12,642
SHAREHOLDERS' EQUITY		
Share capital (note 8)	37,712	37,712
Performance warrants (note 8e)	1,771	1,605
Contributed surplus	3,614	3,506
Deficit	(4,481)	(4,658)
Total shareholders' equity	38,616	38,165
Subsequent event (note 12)		
Total liabilities and shareholders' equity	55,973	50,807

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(Unaudited)

(\$000, except per share amounts)	Three months ended March 31	
	2018	2017
REVENUE		
Petroleum and natural gas sales (note 9)	4,547	4,165
Royalties	(496)	(383)
Interest income	-	14
	4,051	3,796
EXPENSES		
Operating	1,204	910
Transportation	181	193
General and administrative	443	350
Share-based compensation (note 8)	216	224
Interest and financing charges	55	6
Depletion, depreciation and amortization (notes 4 and 5)	1,738	2,064
Accretion of decommissioning liability (note 7)	37	36
	3,874	3,783
Income and comprehensive income	177	13
Income per share, basic and diluted (note 8d)	-	-

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

(\$000)	Share capital	Performance warrants	Contributed surplus	Deficit	Total Equity
Balance, December 31, 2016	37,712	938	3,087	(4,555)	37,182
Share-based compensation expense (note 8)	-	142	82	-	224
Share-based compensation capitalized (note 8)	-	25	24	-	49
Income for period	-	-	-	13	13
Balance, March 31, 2017	37,712	1,105	3,193	(4,542)	37,468
Balance, December 31, 2017	37,712	1,605	3,506	(4,658)	38,165
Share-based compensation expense (note 8)	-	137	79	-	216
Share-based compensation capitalized (note 8)	-	29	29	-	58
Income for period	-	-	-	177	177
Balance, March 31, 2018	37,712	1,771	3,614	(4,481)	38,616

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(\$000)	Three months ended March 31	
	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES		
Income for period	177	13
Items not involving cash:		
Depletion, depreciation and amortization (notes 4 and 5)	1,738	2,064
Accretion of decommissioning liability (note 7)	37	36
Share-based compensation (note 8)	216	224
Decommissioning liabilities settled (note 7)	-	(11)
Change in non-cash working capital (note 11)	275	468
	2,443	2,794
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in bank debt (note 6)	2,129	-
	2,129	-
CASH FLOW USED IN INVESTING ACTIVITIES		
Property and equipment expenditures	(6,877)	(4,542)
Exploration and evaluation asset expenditures	(123)	(4,410)
Change in non-cash working capital (note 11)	2,428	2,867
	(4,572)	(6,085)
CHANGE IN CASH AND CASH EQUIVALENTS	-	(3,291)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	-	8,659
CASH AND CASH EQUIVALENTS, END OF PERIOD	-	5,368
Cash interest paid	55	6

See accompanying notes to the interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

As at and for the three months ended March 31, 2018 and 2017

1. REPORTING ENTITY

Altura Energy Inc. ("Altura" or the "Corporation") is an oil and gas exploration and production company with producing properties in central Alberta, east central Alberta and Saskatchewan. 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.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These interim condensed consolidated financial statements (the "financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), and have been prepared following the same accounting policies and methods of computation as the audited consolidated financial statements for the year ended December 31, 2017, except as described below in note 3. In the opinion of management, these financial statements contain all adjustments necessary to present fairly Altura's financial position as at March 31, 2018 and the results of its operations and cash flows for the three months ended March 31, 2018 and 2017. Certain information and disclosures normally included in the notes to the audited consolidated financial statements have been condensed or have been disclosed on an annual basis only. Accordingly, these financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2017, which have been prepared in accordance with IFRS as issued by the IASB.

These financial statements were approved by the Board of Directors on May 15, 2018.

(b) Basis of Measurement and Principles of Consolidation

These financial statements have been prepared on a historical cost basis and include the accounts of Altura and its wholly-owned subsidiary. All inter-entity transactions have been eliminated.

(c) Functional and Presentation Currency

The financial statements are presented in Canadian dollars, which is the Corporation and its subsidiary's functional currency.

(d) Use of Estimates and Judgement

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ as a result of using estimates.

In preparing the financial statements, the judgments made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited consolidated financial statements as at and for the year ended December 31, 2017.

3. CHANGES IN ACCOUNTING POLICIES

(a) IFRS 15

The Corporation adopted IFRS 15, "Revenue from Contracts with Customers" on January 1, 2018. Altura used the modified retrospective adoption approach to adopt the new standard. The Corporation reviewed its revenue contracts with customers using the IFRS 15 five-step model, which resulted in a change in accounting of certain pipeline tariffs, impacting the March 31, 2017 comparative period. The change in accounting for certain tariffs resulted in revenue and transportation costs both decreasing by \$13,000 in the three months ended March 31, 2017, with no impact on income or the Corporation's financial position.

The additional disclosures required by IFRS 15 are detailed in note 9.

Revenue recognition policy

Revenue from the sale of petroleum and natural gas is measured based on the consideration specified in contracts with customers. Altura recognizes revenue when it transfers control of the product to the buyer. This is generally at the time the customer obtains legal title to the product and when it is physically transferred to the custody transfer point agreed with the customer, often terminals, pipelines or other transportation methods.

Altura evaluates its arrangements with 3rd parties and partners to determine if the Corporation acts as the principal or as an agent. In making this evaluation, management considers if Altura obtains control of the product delivered, which is indicated by Altura having the primary responsibility for the delivery of the product, having the ability to establish prices or having inventory risk. If Altura acts in the capacity of an agent rather than as a principal in a transaction, then the revenue is recognized on a net-basis, only reflecting the fee, if any, realized by the Corporation from the transaction.

(b) IFRS 9

The Corporation adopted IFRS 9, "Financial Instruments" on January 1, 2018. The transition to IFRS 9 had no material effect on the Corporation's financial statements. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI"); or fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Impairment of financial assets: IFRS 9 replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model. The new impairment model applies to financial assets measured at amortized cost, and contract assets and debt investments at FVOCI. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

Cash and cash equivalents, if any, accounts receivable and deposits continue to be measured at amortized cost and are now classified as "amortized cost". There was no change to the Corporation's classification of accounts payable and accrued liabilities and bank debt which are classified as "other financial liabilities" and are measured at amortized cost. The Corporation has not designated any financial instruments as FVOCI or FVTPL, nor does Altura use hedge accounting.

4. EXPLORATION AND EVALUATION

The following table reconciles Altura's E&E assets:

(\$000)	Total
Balance, December 31, 2016	7,865
Additions	6,477
Acquisition	475
Dispositions	(643)
Transfer to property and equipment net of depletion (note 5)	(9,695)
Change in decommissioning costs	257
Depletion	(219)
Balance, December 31, 2017	4,517
Additions	123
Balance, March 31, 2018	4,640

E&E assets consist of the Corporation's projects that have yet to be established as technically feasible and commercially viable. Additions represent Altura's share of costs incurred on E&E assets during the periods. Altura capitalized cash and non-cash administrative costs directly attributable to E&E additions of nil in the three months ended March 31, 2018 (March 31, 2017 – \$75,000).

5. PROPERTY AND EQUIPMENT

The following table reconciles Altura's property and equipment:

Cost (\$000)	Developed and Producing Assets	Administrative Assets	Total
Balance, December 31, 2016	37,537	40	37,577
Additions	16,061	8	16,069
Disposition	(1,671)	-	(1,671)
Transfers from E&E assets (note 4)	10,080	-	10,080
Change in decommissioning costs	93	-	93
Balance, December 31, 2017	62,100	48	62,148
Additions	7,275	5	7,280
Change in decommissioning costs	180	-	180
Balance, March 31, 2018	69,555	53	69,608
Depletion, depreciation and impairment			
(\$000)			
Balance, December 31, 2016	(10,517)	(17)	(10,534)
Depletion, depreciation and amortization	(6,979)	(8)	(6,987)
Disposition	816	-	816
Transfers from E&E assets (note 4)	(385)	-	(385)
Impairment	(1,514)	-	(1,514)
Balance, December 31, 2017	(18,579)	(25)	(18,604)
Depletion, depreciation and amortization	(1,736)	(2)	(1,738)
Balance, March 31, 2018	(20,315)	(27)	(20,342)
Carry amounts			
(\$000)			
As at December 31, 2017	43,521	23	43,544
As at March 31, 2018	49,240	26	49,266

At March 31, 2018, estimated future development costs of \$35.0 million (December 31, 2017 – \$40.2 million) 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 property and equipment of \$182,000 in the three months ended March 31, 2018 (March 31, 2017 – \$78,000).

6. CREDIT FACILITY

The Corporation has a revolving operating demand loan (the "Credit Facility") with a Canadian bank (the "Lender") with a maximum borrowing limit of \$10.0 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 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 \$0.5 million. A standby fee calculated at a rate of 0.35 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 \$30.0 million 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 March 31, 2018, the working capital ratio as defined was 1.3:1 (December 31, 2017 – 4.2:1). The next review date for the Credit Facility has been set for May 31, 2018.

As at March 31, 2018, \$6.4 million (December 31, 2017 - \$4.3 million) was drawn on the Credit Facility and the Corporation had outstanding letters of credit for \$160,000 (December 31, 2017 - \$201,000).

7. DECOMMISSIONING LIABILITY

The Corporation's decommissioning liability results from its net ownership interests in petroleum and natural gas properties and equipment including well sites and facilities. Altura estimates the total undiscounted and un-escalated amount of cash flows required to settle its decommissioning obligations as at March 31, 2018 to be approximately \$6.8 million (December 31, 2017 – \$6.6 million) with the majority of costs anticipated to be incurred between 2026 and 2038. A risk-free discount rate of 2.2 percent (December 31, 2017 – 2.3 percent) and an inflation rate of 2.0 percent (December 31, 2017 – 2.0 percent) were used to calculate the fair value of the decommissioning liability. A reconciliation of the decommissioning liability is provided below:

(\$000)	Three months ended March 31, 2018	Year ended December 31, 2017
Balance, beginning of period	6,578	6,181
Additions	162	595
Liabilities disposed	-	(45)
Change in estimates ⁽¹⁾	18	(245)
Decommissioning liabilities settled	-	(54)
Accretion	37	146
Balance, end of period	6,795	6,578
Expected to be incurred within one year	66	66
Expected to be incurred beyond one year	6,729	6,512

(1) The change in estimates consists of a change in the risk-free discount rate of \$22,000 (December 31, 2017 - \$32,000) and a change in abandonment and remediation cost estimates and future abandonment dates of \$4,000 credit (December 31, 2017 - \$277,000 credit).

8. 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 (\$000)
Balance, December 31, 2016, December 31, 2017, and March 31, 2018	108,920,973	37,712

- (c) Stock options:

The Corporation has a stock option plan for directors, employees and service providers. Under the plan, options may be granted to purchase up to 10 percent of the outstanding shares of Altura and the maximum term of options granted is five years. Unless otherwise determined by the Board of Directors at the time of grant, options vest as to one-third on each of the first, second and third anniversary dates of the date of grant. As at March 31, 2018, the Corporation may grant up to 10,892,097 stock options.

No stock options were exercised in the three months ended March 31, 2018 and 2017.

A summary of the Corporation's outstanding stock options at March 31, 2018 is presented below:

	Number of Stock Options	Weighted Average Exercise Price (\$)
Balance, December 31, 2016	5,570,000	0.31
Granted	1,640,000	0.41
Balance, December 31, 2017 and March 31, 2018	7,210,000	0.33

The range of exercise prices for stock options outstanding and exercisable under the plan at March 31, 2018 is as follows:

Exercise Prices		Awards Outstanding			Awards Exercisable		
Low (\$)	High (\$)	Quantity	Remaining contractual life (years)	Weighted Average Exercise Price (\$)	Quantity	Remaining contractual life (years)	Weighted Average Exercise Price (\$)
0.27	0.41	7,210,000	3.4	0.33	3,006,662	2.9	0.32
		7,210,000	3.4	0.33	3,006,662	2.9	0.32

The Corporation's share-based payments relating to stock options for the three months ended March 31, 2018 was \$108,000 (March 31, 2017 – \$106,000) of which \$29,000 was capitalized (March 31, 2017 – \$24,000).

- (d) Weighted average common shares:

	Three months ended March 31	
	2018	2017
Basic	108,920,973	108,920,973
Diluted	109,133,332	109,289,389

Per share information is calculated on the basis of the weighted average number of common shares outstanding during the year. Diluted per share information reflects the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. Diluted per share information is calculated using a method which assumes that any proceeds received by the Corporation upon the exercise of in-the-money stock options or performance warrants plus unamortized share-based compensation expense would be used to buy back common shares at the average market price for the period.

For the three months ended March 31, 2018, 1,640,000 stock options and 9,749,879 performance warrants were excluded from the weighted average number of common shares as they were anti-dilutive (March 31, 2017 – 9,749,879 performance warrants).

(e) Performance warrants:

A summary of the Corporation's outstanding performance warrants at March 31, 2018 is presented below:

	Number of Performance Warrants	Weighted Average Exercise Price (\$)
Balance, December 31, 2016, December 31, 2017 and March 31, 2018	9,749,879	0.449

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. The performance warrants expire on July 31, and August 28, 2020. As at March 31, 2018 no performance warrants are exercisable. On the grant date, the weighted 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's share-based payments relating to performance warrants for the three months ended March 31, 2018 was \$166,000 (March 31, 2017 – \$167,000) of which \$29,000 was capitalized (March 31, 2017 – \$25,000). The fair value of the performance warrants is being expensed over the expected life.

9. REVENUE

The Corporation sells its production pursuant to variable-price contracts. The transaction price for variable priced contracts is based on the commodity price, adjusted for quality, location or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms. Commodity prices are based on market indices that are determined on a monthly or daily basis.

The contracts generally have a term of one year or less, whereby delivery takes place throughout the contract period. Revenues are typically collected on the 25th day of the month following production.

The following table details the Corporation's petroleum and natural gas sales by product:

(\$000)	Three months ended March 31	
	2018	2017
Medium oil	1,877	2,591
Heavy oil	2,245	1,275
Natural gas	258	242
Natural gas liquids	167	57
Petroleum and natural gas sales	4,547	4,165

10. 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 into agreements only with parties that meet certain credit tests. The maximum credit risk that the Corporation is exposed to at any point in time is the carrying value of cash and cash equivalents, if any, and accounts receivable.

The majority of the credit exposure on accounts receivable at March 31, 2018, pertains to revenue for accrued March 2018 production volumes. Altura primarily transacts with four oil and natural gas marketing companies. The marketing companies typically remit amounts to Altura by the 25th day of the month following production. A significant portion of Altura's accounts receivable is carried by three marketing companies with sound financial positioning. At March 31, 2018, 35 percent, 20 percent, and 13 percent of total outstanding accounts receivable pertains to these companies. Altura did not have any other customers from which it had outstanding accounts receivable greater than 10 percent of the total outstanding balance at March 31, 2018. For the three months ended March 31, 2018, the Corporation received approximately 38 percent, 20 percent, 14 percent, and 12 percent of its

revenue from four marketing companies (March 31, 2017 – 72 percent and 18 percent from two marketing companies).

At March 31, 2018, the Corporation's trade receivables have been aged as follows:

As at (\$000)	March 31, 2018	December 31, 2017
Current	1,790	1,949
31 – 60 days	25	75
61 – 90 days	6	178
> 90 days	112	95
Allowance for doubtful accounts	-	-
Total	1,933	2,297

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.

11. SUPPLEMENTAL CASH FLOW INFORMATION

The following table details the components of non-cash working capital:

(\$000)	Three months ended March 31	
	2018	2017
Provided by (used in):		
Accounts receivable	364	925
Prepaid expenses and deposits	(30)	(89)
Accounts payable and accrued liabilities	2,369	2,499
	2,703	3,335
Provided by (used in):		
Operating activities	275	468
Investing activities	2,428	2,867
	2,703	3,335

12. SUBSEQUENT EVENT

On May 15, 2018 the Corporation entered into an agreement with an unrelated third party for the sale of its east central Alberta and Saskatchewan assets, which includes the Eyehill, Eyehill South, Macklin, Wildmere, Killam and Provost Minor areas, for cash consideration of \$28,375,000, subject to customary post-closing adjustments. The adjustment date of the transaction is April 1, 2018 and closing is expected to occur on May 31, 2018, subject to the receipt of all necessary regulatory approvals and the satisfaction of other customary closing conditions.

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
Managing Director
Palisade Capital Management Ltd.

OFFICERS

David Burghardt
President & Chief Executive Officer

Tavis Carlson
Vice President, Finance & Chief Financial Officer

Jeff Mazurak
Vice President, Operations

D. Robert Pinckston
Vice President, Exploration

Craig Stayura
Vice President, Land

Travis Stephenson
Vice President, Engineering

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**

