



Corporate Presentation

June 2017



Reader Advisory

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Forward looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by Altex and described in the forward looking statements or information. These risks and uncertainties which may cause actual results to differ materially from the forward looking statements or information include, among other things: the ability of management to execute its business plan; general economic and business conditions; the risk of economic, legal or political instability affecting the jurisdictions in which Altex operates; the risks inherent in the railway industry and the crude oil industry; the possibility that government policies or laws may change or governmental approvals may be delayed or withheld; the effects of competition and pricing pressures; Altex's ability to enter into or renew customer and supplier contracts; potential delays or changes in plans with respect to development projects or capital expenditures; fluctuations in oil prices, foreign currency exchange rates and interest rates; risks inherent in Altex's operations, including credit risk, health, safety and environmental risks; risks associated with existing and potential future law suits and regulatory actions against Altex; uncertainties as to the availability and cost of financing; and financial risks affecting the value of Altex's investments. Readers are cautioned that the foregoing list is not exhaustive of all possible risks and uncertainties.

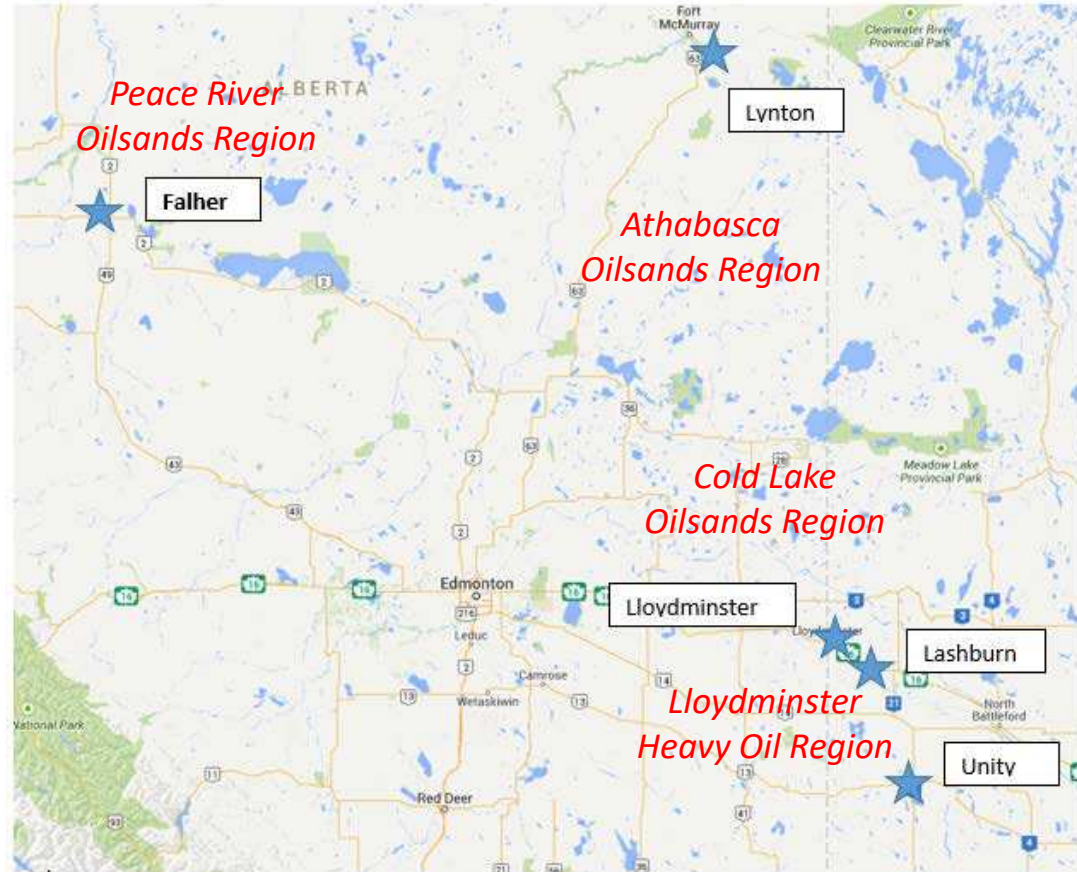
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Altex Energy

- Leading Canadian crude-by-rail company connecting Western Canadian Sedimentary Basin (“WCSB”) crude oil to **key North American refining markets** and export terminals
- Dominant loader of undiluted heavy oil and bitumen in Canada with **unit train capability**
- Owns and operates five terminals **strategically located in Canada’s largest heavy oil production basins** capable of moving more than 150,000 bpd at full capacity
- Strategic partnership and long term arrangement with **Canadian National Railway** provides customers with differentiated value proposition
- Commenced operations in 2010 with **positive EBITDA** since 2011
- Backed by key **long-term contracts** with highly capable counterparties supporting long-term refining businesses
- Proprietary technology and systems
- Privately held with strong sponsorship from Azimuth Capital Management

Altex Energy Terminals in Western Canada

- Owns & operates 5 terminals in Western Canada
- Focusses on moving undiluted heavy oil & bitumen to refineries in USA, Canada & globally
- Also transports other products including condensate imports

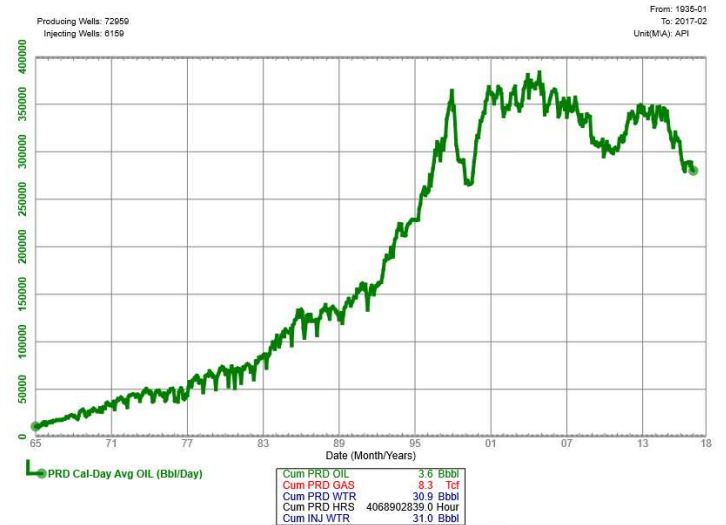


Summary of Existing Terminals

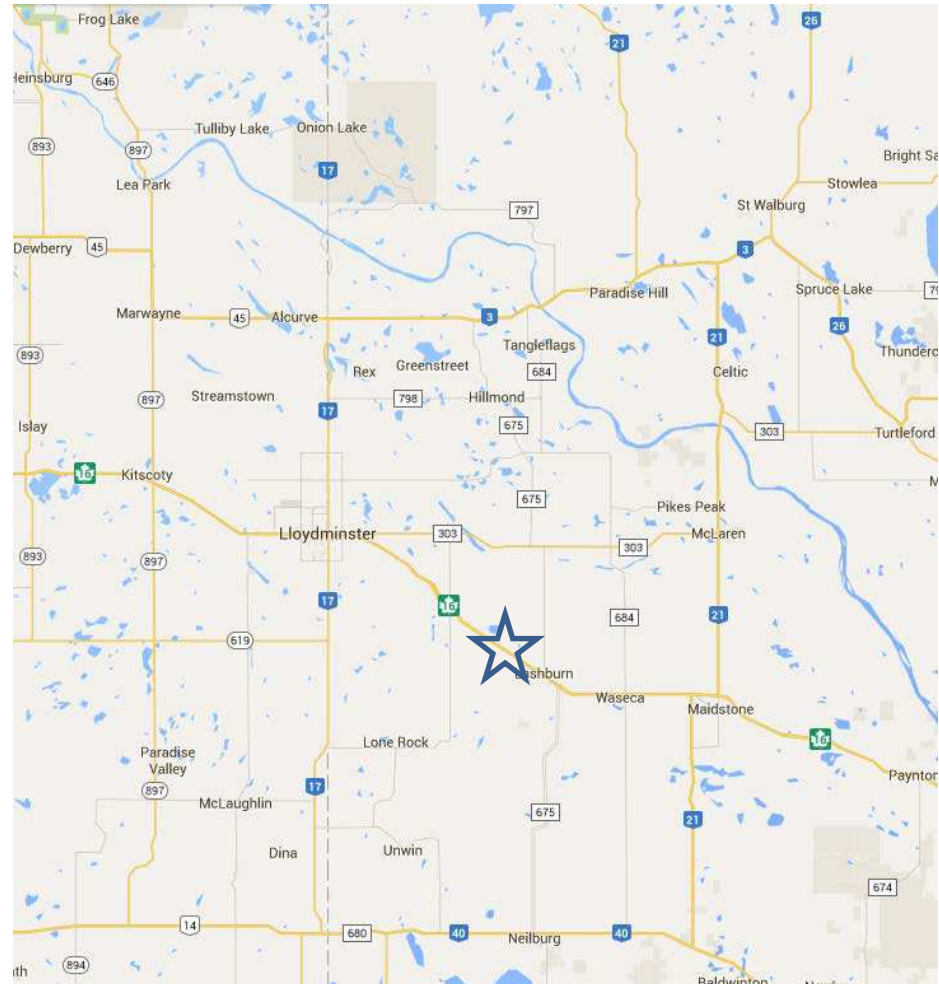
<u>Terminal</u>	<u>Normal Capacity</u>	<u>Full Capacity</u>
Lashburn	60 kbpd	80 kbpd
Unity	15 kbpd	30 kbpd
Lynton	15 kbpd	30 kbpd
Lloydminster	5 kbpd	5 kbpd
Falher	5 kbpd	15 kbpd
Current Total	100 <u>kbpd</u>	160 <u>kbpd</u>

Lashburn Terminal

- One of just a few crude oil unit train facilities in Canada (only one focussed on undiluted heavy oil)



Production of 300Kbbls/day within 75 miles



Located in western Saskatchewan on Trans-Canada Highway and Canadian National mainline with access to major heavy oil producing region

Lashburn Terminal

- Capacity of 2 unit trains per day (24hr operation)
- Load undiluted heavy oil from region (typically 12-15 API)
- Can truck directly from wellhead tank (eliminating processing cost)
- Sophisticated logistics technology minimizes delivery time
- Also provide crude oil services (oil storage, emulsion cleaning,...) and rail services (railcar repair, railcar storage,...)
- Industry leading safety and operational practices

40 railcar loading stations
148K bbls of tanks
Capacity of 400+ rail cars



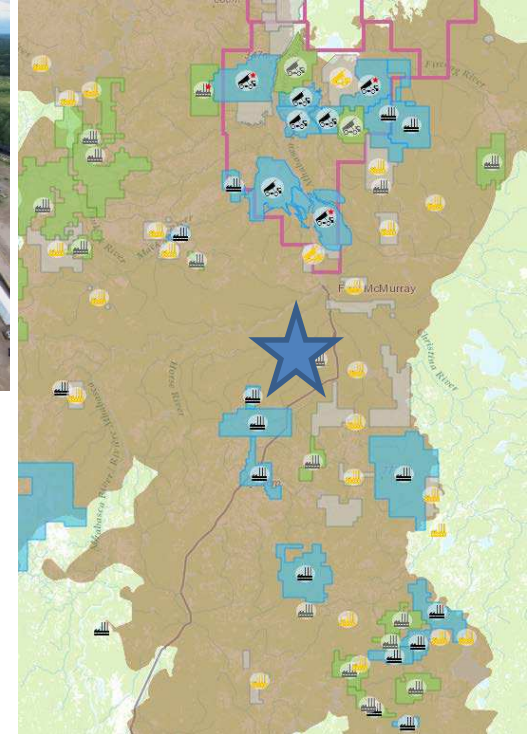
26 truck unloading stations

Lynton Terminal

- Located at end of the Canadian National rail line in heart of oilsands region
- Site is adjacent to CN yard
- Can load railcars up to ½ unit train per day (24hr operation) - can initiate unit train from site
- Also load and unload other products (condensate, other hydrocarbons,...)
- Typically load under-diluted heavy oil from region (typically 6-10 API with some processing solvent from treater giving under-diluted 15API blend)



6 truck unloading bays
10 railcar loading stations
30K bbls of tanks



Located in centre of oilsands producing region with access to >2mmbbs/day of production

Unity Terminal

- Located on Canadian National mainline with access to light and heavy oil
- Site has significant capacity with 26Kbbbls of tanks
- Provide other rail and crude oil services (railcar storage,...)



Located in western Saskatchewan with access to southern heavy oil producing region and light Viking oil growth area



12 truck unloading bays
6 railcar loading stations
26K bbls of tanks



Falher Terminal

- Large site located in Peace River heavy oil/oilsands area
- Ready access to conventional and thermally produced heavy oil
- Gantry operation with opportunity to upgrade to permanent facility
- Buildings provide opportunity to provide storage and transload other commodities (frac sand, fertilizer,....)



Centrally located in Peace River region with ready access to conventional and thermal production



Heavy oil transload and fertilizer business

Lloydminster Terminal

- Located in Lloydminster Alberta in the centre of heavy oil production area
- Altex's first terminal developed in Oct 2010
- Can unload trucks and load up to seven railcars per day (12 hr operation)
- Typically loads 12 API heavy oil from region



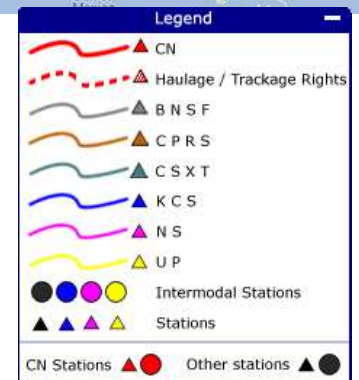
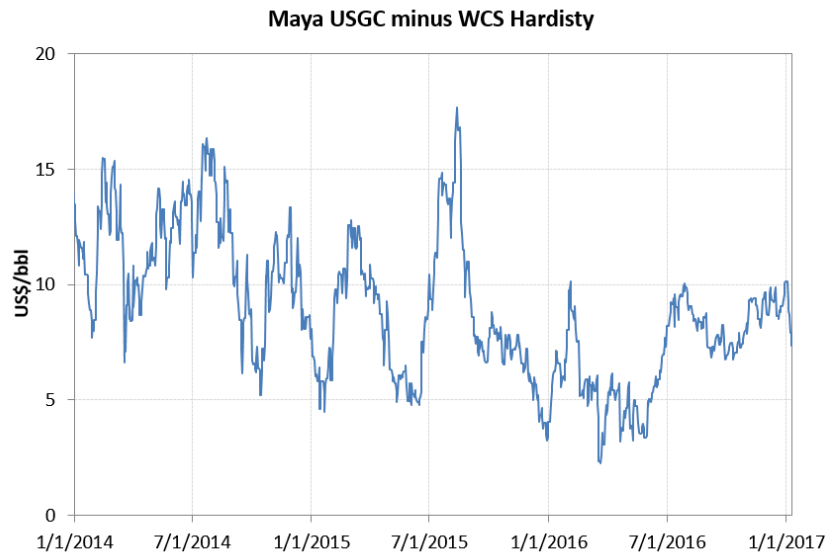
Located in centre of Lloydminster production region with access to significant production



Towable gantry and 8 railcar siding capacity

Market Fundamentals

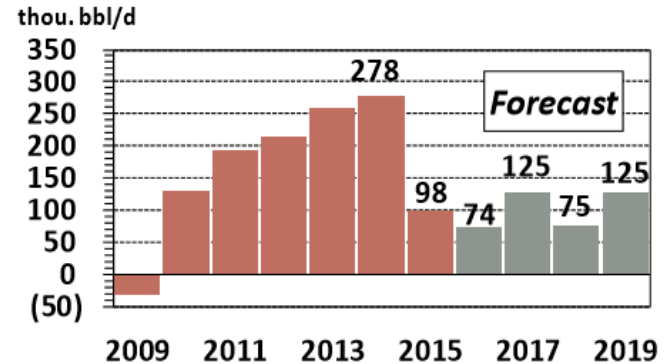
- Rail provides a current (and future method) to get higher world oil price for Canadian oil production
- World prices are higher than inland Canadian prices providing incentive for inland producers and coastal refiners to find ways to access each others' markets



Risk to Canadian Oil Producers

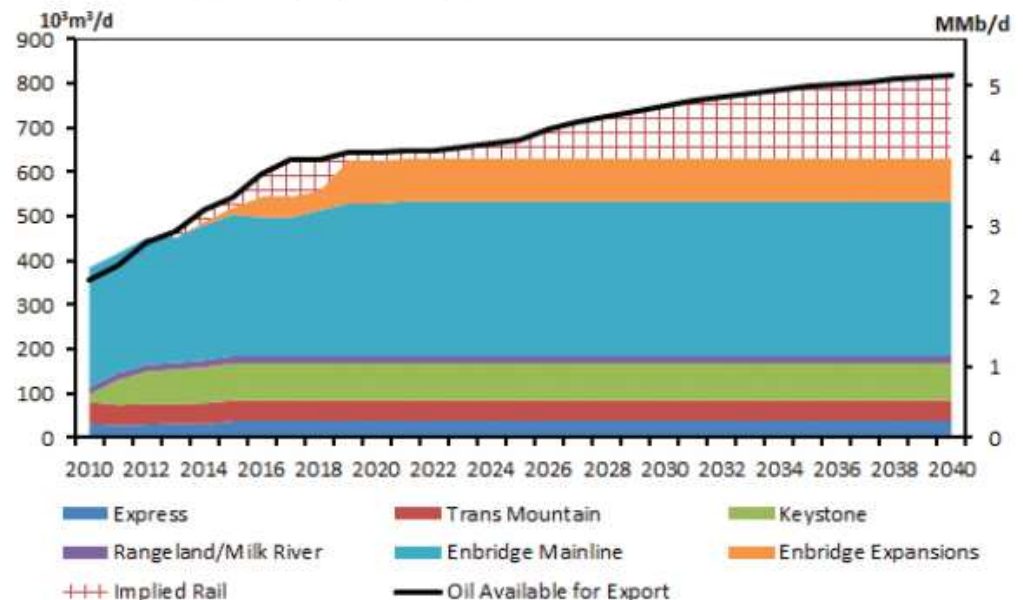
- Canadian production continues to grow led by long-term, expensive upfront capital projects (eg. oilsands)
- Without incremental takeaway infrastructure, production will need to be shut-in
- Rail provides method to move production and capture highest priced markets

Canadian Crude Oil Supply Growth



Source: FirstEnergy Capital Corp., IEA.

Canadian Oil Export Pipeline Capacity and Oil Exports



Source: National Energy Board; Canada's Energy Future 2016

Business Today

- Whole energy industry is challenged by low oil (and natural gas) prices
- Altex is not immune but sustained by:
 - Contractual arrangements with solid counterparties
 - Margins that drive our business are affected but not to same extent as absolute oil prices
 - Unique undiluted heavy oil focus provides better margin than light or diluted heavy oil
- Drivers for crude oil on rail the same as other commodities like condensate, used oil, natural gas liquids, frac sand, fertilizer,... - using our facilities to increase efficiency of those commodity moves as well
- Extending value chain offering related services such as storage, emulsion handling, etc
- Well-positioned for survival in tough environment and thrive as market bounces back (not necessarily oil price related)

Patents and Technology

- CDN Patent #2643893 – Patented forehaul/backhaul and design of a special purpose tank car
- CDN Patent #2829003 – Patented the process used by transloaders who receive trucks, employ tanks and load tank cars with either dilbit or bitumen
- US Patent #8393359 – Patented the forehaul and backhaul trade
- Proprietary SCADA/logistics/accounting system which improves performance for customers – also applicable to other commodities which employ rail



What Differentiates Altex

- ✓ Positive EBITDA since 2011
- ✓ Fixed contracts that support facility construction
- ✓ Focused on heavy oil with diluent savings (strongest economics in the crude on rail business)
- ✓ Experience building facilities below the cost of our competitors
- ✓ Experience operating facilities and managing rail logistics
- ✓ Experience/relationships with heavy oil and bitumen producers and refiners/marketers
- ✓ Canadian National Railway strategic relationship
- ✓ Recognized leadership in safety and environmental performance

For Further Information Contact

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Appendices

Management Team

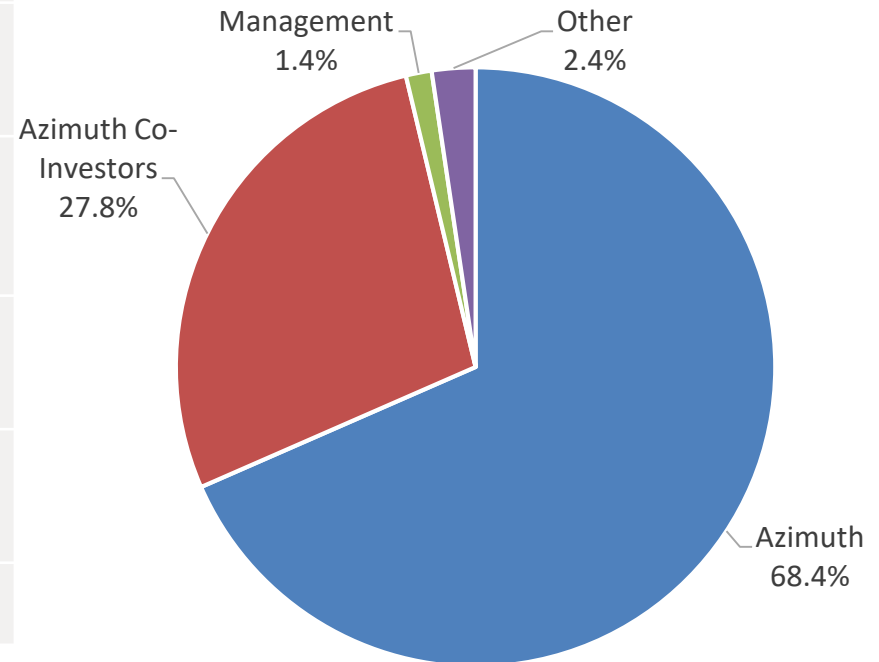
John Zahary President & CEO	<ul style="list-style-type: none">▪ Former President & CEO of Petrovera Resources, Viking Energy, Harvest Energy & Sunshine Oilsands▪ Professional Engineer with extensive experience with companies involved in heavy oil, oilsands, light and medium oil and natural gas production as well as companies with downstream, refining, marketing and midstream assets
Aaron Bishop Chief Operating Officer	<ul style="list-style-type: none">▪ Professional Engineer experienced in several aspects of the oil and gas industry including production management and distribution terminals▪ Extensive engineering and innovation experience having managed projects ranging from \$2 to \$500 million▪ 15 years of experience in energy infrastructure
Colleen Johansen Director Finance & Accounting	<ul style="list-style-type: none">▪ Former manager in corporate audit at KPMG Calgary with experience in infrastructure, oil and gas, and information technology▪ Previous infrastructure industry experience in finance, planning and corporate development▪ Joined Altex in 2014
Linda Cantlay Controller	<ul style="list-style-type: none">▪ Chartered Accountant with Commerce Degree in Accounting from Concordia University▪ Former Controller for various companies, including Oxbow Canada which utilized rail to transport sulphur▪ Extensive 20+ year career as controller, financial consultant, and functional analyst
Curtis Layton Director, Sales, Transportation & IT	<ul style="list-style-type: none">▪ Senior Information Technology professional with BSc in Electrical Engineering Technology and Masters in Information System Management – joined Altex in 2013▪ Previous experience at Honeywell on strategic IT initiatives in Canada and Latin America▪ Architect of Altex's industry-leading logistics software system

Board of Directors & Shareholders

Dave Pearce	<ul style="list-style-type: none"> Deputy Managing Partner at Azimuth Capital Management Former Pres&CEO of Northrock Resources and held senior roles at Fletcher Challenge and TAQA North
Scott Pearl	<ul style="list-style-type: none"> Previous experience with Seneca Capital, Lehman Brothers and Credit Suisse Private investor/consultant for global energy, power, commodity and infrastructure sectors
Frank Mele	<ul style="list-style-type: none"> Principal and senior member of Azimuth Capital Management Former Managing Director of CIBC and experience in the general area of corporate and commercial law with emphasis in the areas of taxation and securities for a Canadian national law firm
Dale Hohm	<ul style="list-style-type: none"> Senior Finance and Compliance Officer at Azimuth Capital Management 35 years of experience including former CFO of MEG Energy and Enerflex Systems
Cal Buchanan	<ul style="list-style-type: none"> Independent Director Experienced oil and gas executive with extensive background in upstream, downstream and midstream aspects of the business most recently with Murphy Oil Corporation
John Zahary	<ul style="list-style-type: none"> Former Pres & CEO of public and private companies 30+ years of upstream and downstream experience

Observers

Board also has Observers from Azimuth Co-Investor companies which include large endowment funds from prestigious USA universities, a Fortune 500 Financial Services Company and a significant global alternative investment fund



Heavy Oil Diluent Penalty

- ✓ Heavy oil production requires diluent to be pipelined
- ✓ The growth in heavy production creates a C5+ demand pull



Cost of Diluting Heavy Oil

Transportation Cost	~\$10/bbl
Market Value Loss	~\$10/bbl
Diluent Penalty	~\$20/bbl

Diluent Penalty

- ✓ C5+ more valuable as diluent for heavy oil than refinery feedstock
- ✓ Lower value at USGC refinery centers with growing light production in USA shale plays
- ✓ Growing heavy production in Canada to require more diluent
- ✓ Economic driver to transport heavy oil without diluent

Value Contribution of Crude Transportation by Rail

For WC Producers

- Provide access to new consumers thereby increasing demand
- Increase the netback price of oil for Western Canadian producers
- Provide opportunity to tank treat for many producers significantly lowering processing costs
- This price improvement by rail is most significant for heavy oil/bitumen

For Refineries

- Provide access to new supply
- For refineries previously committed to offshore oil provide access to reliable inland production which sells at discounted prices
- For heavy oil refineries, provide access to new supply replacing declining global heavy oil supply
- For heavy oil refineries, provide opportunity for pure heavy oil without light ends

For Other Stakeholders

- Increase realized price for heavy oil in producing areas thereby increasing royalties, taxes and employment opportunities
- Lower feedstock price for coastal refineries saving them from shutdown and associated job losses, and increasing local taxes/ payments
- Provide valuable railway jobs across North America

Operating & Safety Standards

- Pipeline and rail represent relatively safe energy transportation solutions with long operational track records
- Rail infrastructure is already in place minimizing surface and environmental footprint of a growing industry
- Rail has been shown by independent parties to have lower spilled volume and greater energy efficiency than other alternatives
- Permitting is straightforward and in place
- ✓ Altex has developed rigorous safety standards and is an industry leader in health and safety policies
- ✓ Type of crude oil typically moved by Altex is safer than other crude oils and other products often moved on rail or by pipeline

