



Office: (208) 928-7261
Fax: (208) 578-7711
Shipping: 313 S. Main St., Hailey, ID 83333
Mailing: PO Box 986, Hailey, ID 83333

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Second quarter report

Alturas Energy

The second quarter of 2009 was marked by a focus on transition, asset data acquisition, and strategic planning.

The most easily recognized change that occurred is Serra Energy changed its name to Alturas Energy. Alturas Energy will eventually encompass all assets and holdings formerly owned and operated by Serra Energy Holdings, LLC, Serra Energy Inc, and Antrim Energy, LLC.

Management team - A new management team with extensive experience in building and managing cash flow businesses was installed. Information about the Alturas management team is available at www.alturasenergy.com under "Management Team". Goals identified by the new management team include a greater focus on the development and acquisition of cash flow producing assets, greater hands-on monitoring of assets and field operations, and less emphasis on higher risk asset and/or development plays. To date, the new team has already visited most company wells, field inspected most company assets, met personally with and developed relationships with operators of all major company assets, and visited all active drilling sites.

Location - In an effort to function more efficiently as well as reduce overhead expenses, the office for Serra Energy Holdings formerly located in Kansas City, and the office for Serra Energy, Inc formerly located in Palo Alto were both closed, and re-located to Hailey, Idaho.

Asset Database - A substantial amount of time and energy was spent accumulating and organizing accurate and complete data regarding all wells, leases, and other company assets. We believe this information will allow us to more sensibly and intelligently manage and make decisions affecting each asset.

Assets -

Northern Indiana - Alturas currently has a 75% interest in 126,000 acres secured with mineral rights leases in the Antrim shale. We estimate our reserves on this acreage total 80 bcf. Leases have 6 years left, including an optional 3 year extension.

Our goal for the third quarter of 2009 is to find a major company interested in acquiring part or all of this acreage, or partnering in the development of this asset.

Southern Indiana – Alturas currently has a 45% interest in 37,000 acres secured with mineral rights leases in the New Albany shale. We estimate reserves on this acreage total 16 bcf. Again, leases have 6 years left, including an optional 3 year extension. Our goal for the third quarter of 2009, as with our holdings in N. Indiana, is to find a major company interested in acquiring part or all of this acreage, or partnering in the development of this asset.

Kansas – Alturas leases 1450 acres of land with gas wells. 12 wells are 100% owned. 11 wells that were underperforming were assigned to Osborn Energy, the operator, in exchange for a 1/16th overriding royalty interest, improving cash flow. Additionally, Alturas has an interest in 4 joint venture wells and 6 non-operated wells. A challenging situation exists orchestrating the pursuit of our interest for cash flow, the operator's goals, and the pipeline company's agenda. We are thus trying to either sell our Kansas interests, trade all of them for ORRIs, or acquire the operator and pipeline interests.

Texas – Alturas owns 10 stripper wells and 6 salt water injection wells. These wells are old wells with solid but small daily output, and generate good cash flow when oil is above \$53 per barrel. Since workover and maintenance costs can be substantial and unpredictable, we have considered selling these wells. We will entertain purchase offers in amounts which would result in an improvement in our cash flow.

Oklahoma – Alturas owns a variety of working interests in a broad spectrum of oil and gas wells spread throughout Oklahoma, Texas, and Montana. Most of these working interests are producing reasonable cash flow, even in these times of disadvantageous market pricing for gas. In June, we spudded the Busby well (formerly named Madden) in Oklahoma. To date, drilling is going well, and is 18% under budget. Plans for this class of asset in the third quarter of 2009 include development and completion of the Busby, as well as working over and improving production of some underperforming wells.

Strategic growth plan –

A mission statement was formulated placing greater emphasis on cash flow. In an effort to pursue the goals outlined in the mission statement, a re-allocation of assets will be pursued moving forward. In summary, our goal within 12 to 24 months is to have 60% of our assets consist of cash flow producing, low risk plays. 30% are to be higher risk but higher return plays in proven resource areas. 10% of our assets will ideally be positioned in high risk, potentially exponential return opportunities.