



EXCEPTIONAL VALUE CREATION IN TURKEY



Corporate Presentation
May 2020

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An investment in the securities of Valeura is speculative and involves a high degree of risk that should be considered by potential investors. Valeura’s business is subject to the risks normally encountered in the oil and gas industry and, more specifically, in Turkey, and certain other risks that are associated with Valeura’s stage of development. An investment in the Corporation’s securities is suitable only for those purchasers who are willing to risk a loss of some or all of their investment and who can afford to lose some or all of their investment.

Forward-looking Information This presentation contains certain forward-looking statements and information (collectively “forward-looking information”) including, but not limited to: Valeura’s view that it has discovered a world-class unconventional gas play; the potential for a BCGA play in the Thrace Basin and unlocking potential shareholder value with respect thereto; the costs, timelines, objectives and focus for the deep drilling and BCGA appraisal programme in 2018 and 2019; the requirements for establishing commercial success with respect to the BCGA play; the potential future BCGA development phases and the timing thereof; the testing operations on Inanli, Yamalik-1 and Hayrabolu-10 wells and the timing thereof; the drilling and testing of Devepinar-1 well and the notional third appraisal well and the timing thereof; management’s assessment of the economic conditions and market fundamentals in Turkey; management’s assessment of various oil and gas producing jurisdictions and related well economics; the Corporation’s existing gas infrastructure and the Turkish gas infrastructure; the Corporation’s ability to tie into the Turkish gas infrastructure and to enter into sales agreements with the regional distributor; the Corporation’s illustrative production profile with respect to the prospective resources attributable to the BCGA play; management’s assessment with respect to the BCGA drilling scale; expectations regarding drilling and completion costs for horizontal wells in Turkey; implied BCGA acreage valuation; Valeura’s commitment to safety and optimising operational and administrative functions; Valeura’s business strategy and outlook; the ability to finance future developments; and the Corporation’s ability to convert proved plus probable reserves into production and prospective resources into contingent resources and/or reserves. Forward-looking information typically contains statements with words such as “anticipate”, “estimate”, “expect”, “target”, “potential”, “could”, “should”, “would” or similar words suggesting future outcomes. The Corporation cautions readers and prospective investors in the Corporation’s securities to not place undue reliance on forward-looking information, as by its nature, it is based on current expectations regarding future events that involve a number of assumptions, inherent risks and uncertainties, which could cause actual results to differ materially from those anticipated by the Corporation.

Statements related to “reserves” and “prospective resources” are deemed forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the prospective resources can be profitably produced in the future. Specifically, forward-looking information contained herein regarding “prospective resources” may include estimated volumes of prospective resources and the ability to finance future development.

Forward-looking information is based on management’s current expectations and assumptions regarding, among other things: political stability of the areas in which the Corporation is operating and completing transactions; continued safety of operations and ability to proceed in a timely manner; continued operations of and approvals forthcoming from the Turkish government in a manner consistent with past conduct; future seismic and drilling activity on the expected timelines; the prospectivity of the deep BCGA and shallow gas plays on the TBNG joint venture lands and Banarli licences; the continued favourable pricing and operating netbacks in Turkey; future production rates and associated operating netbacks and cash flow; future sources of funding; future economic conditions; future currency exchange rates; the ability to meet drilling deadlines and other requirements under licences and leases; and the Corporation’s continued ability to obtain and retain qualified staff and equipment in a timely and cost efficient manner. In addition, the Corporation’s work programmes and budgets are in part based upon expected agreement among joint venture partners and associated exploration, development and marketing plans and anticipated costs and sales prices, which are subject to change based on, among other things, the actual results of drilling and related activity, availability of drilling, reservoir stimulation and other specialised oilfield equipment and service providers, changes in partners’ plans and unexpected delays and changes in market conditions. Although the Corporation believes the expectations and assumptions reflected in such forward-looking information are reasonable, they may prove to be incorrect.

Forward-looking information involves significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from those anticipated by the Corporation including, but not limited to: the risks of currency fluctuations; changes in gas prices and netbacks in Turkey; uncertainty regarding the contemplated timelines for the timelines and costs for the deep evaluation in 2018 and 2019; the risks of disruption to operations and access to worksites, threats to security and safety of personnel and potential property damage related to political issues, terrorist attacks, insurgencies or civil unrest in Turkey; political stability in Turkey, including potential changes in Turkey’s constitution, political leaders or parties or a resurgence of a coup or other political turmoil; the uncertainty regarding government and other approvals; counterparty risk; potential changes in laws and regulations; risks associated with weather delays and natural disasters; the risk associated with international activity; and, the uncertainty regarding the ability to fulfil the drilling commitment on the West Thrace lands. The forward-looking information included in this presentation is expressly qualified in its entirety by this cautionary statement. The forward-looking information included herein is made as of the date hereof and Valeura assumes no obligation to update or revise any forward-looking information to reflect new events or circumstances, except as required by law. See the 2017 AIF for a detailed discussion of the risk factors.

RESERVES LIFE: Reserves life is a measure of the volume of the Corporation’s reserves divided by the annual average production.

NOTE REGARDING INDUSTRY METRICS: Boes, recycle ratios and reserve life are industry metrics which do not have standardised meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included herein to provide readers with additional information to evaluate the Corporation’s performance; however, such measures are not reliable indicators of the future performance of the Corporation and future performance may not compare to the performance in previous periods and therefore such metrics should not be relied upon.

ANALOGOUS INFORMATION: Certain information in this presentation may constitute “analogous information” as defined in NI 51-101 with respect to the number of wells drilled, first year average production per well, initial production rates, EUR and production declines with respect to fields that have similar reservoir quality, depth, pressures and evidence of natural and stress induced fracturing to the Corporation’s BCGA play. Management believes such information may be relevant to help demonstrate the potential of and the basis for Corporation’s business plans and strategies with respect to its BCGA play. There is no certainty that the results of the analogous information or inferred thereby will be achieved by Valeura and such information should not be construed as an estimate of future production levels, reserves or the actual characteristics and quality of the BCGA play.



- 1. Overview of Valeura Energy**
2. Turkey's natural gas industry
3. Shallow conventional gas play
4. Deep unconventional gas opportunity

Valeura Snapshot

Assets

Production¹	716 boe/d
Resource²	20.0 Tcfe
2P Reserves³	7.9 MM boe
2P Value³	\$66.1 MM
1P Reserves³	2.3 MM boe
1P Value³	\$23.8 MM
Land⁴	356,129 acres

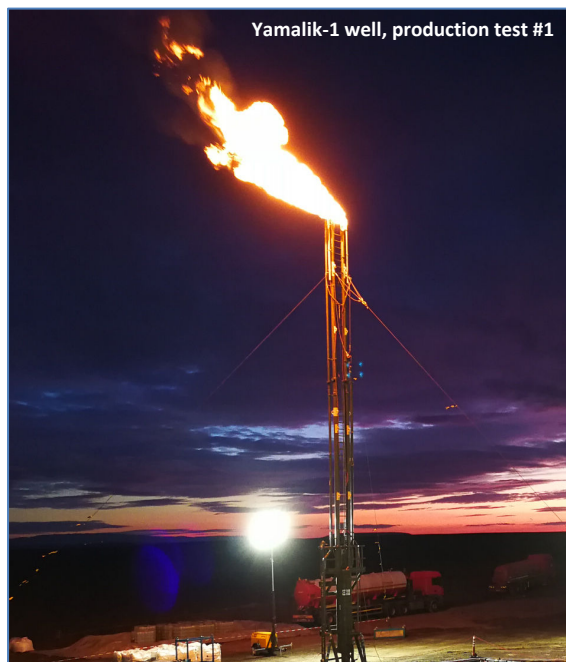
Infrastructure Valeura owns and operates all its gas gathering facilities and sales contracts.

Financials and Performance¹

Debt	nil
Working Capital	\$34.1 MM
Gas price	\$7.08/Mcf
Netback	\$24.95/boe

Capital Structure⁵

Shares o/s	86.6 MM
Fully Diluted	95.0 MM
Share Price	C\$0.33/share £0.21/share
Market Cap	\$20.3 MM



Corporate

Canadian domiciled

Dual-listed TSX:VLE
LSE:VLU

Liquidity⁶ ADTV 371k
shares/day

Widely-held One ~20%
shareholder, next largest <5%

1. Q1 2020
2. Valeura working interest, unrisks recoverable natural gas prospective resource per D&M report as of Dec. 31, 2018, adjusted for working interest after Equinor withdrawal in Q1 2020.
3. As of Dec. 31, 2019, NPV at 10% after taxes
4. After Exit from the Edirne block, in Q1 2020. Deep rights are slightly less than the total acreage presented
5. Based on TSX closing price and shares in issue as of May 4, 2020, and C\$/US\$: 0.7101
6. 30-day average daily trading volume as of May 4, 2020 (Canadian consolidated + LSE)

Note: all dollar figures in US\$ unless indicated otherwise

Valeura Overview

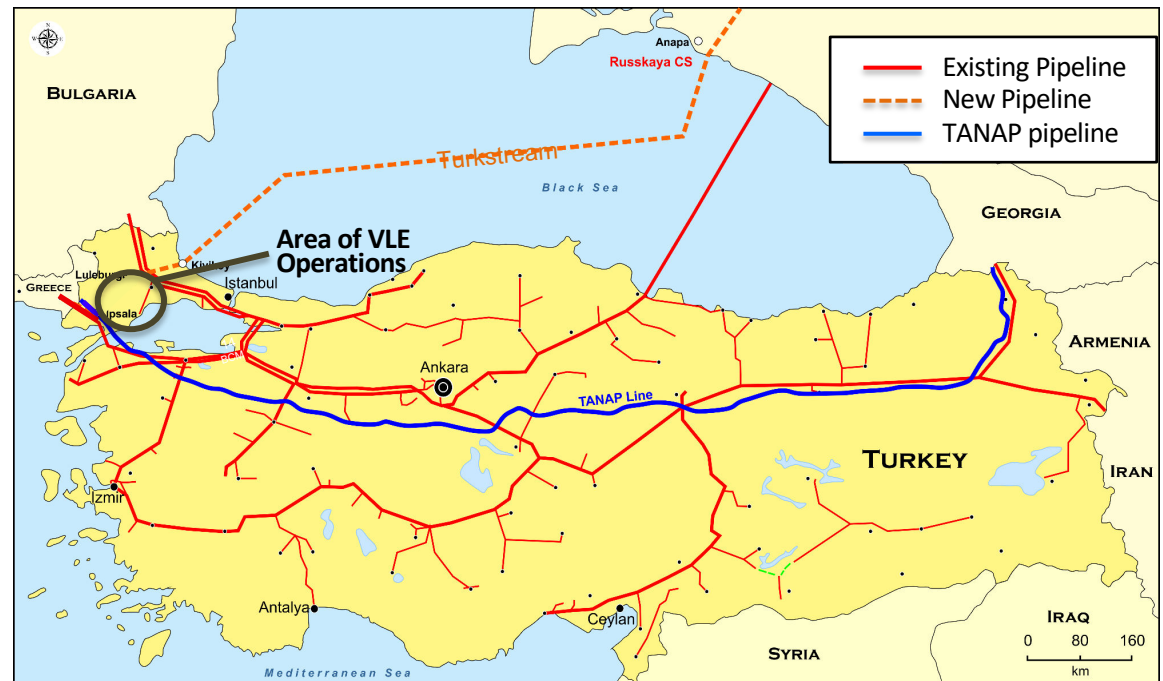
- Turkey-focused gas producer/explorer
- Two major plays
 - Shallow conventional gas
 - Deep unconventional gas
- Management and Board with a strong international track record
- Stable operating environment with excellent gas prices and fiscal terms
 - Realised price US\$7.08/Mcf³
 - 12.5% Royalty & 22% Corporate Tax
- Valeura operator of all licences
 - Leading safety record including recent deep, high-pressure operations
 - Multi-decade community partner delivering gas

Shallow conventional gas production

- Mid-life, gas producing asset
- **7.9 MM boe 2P reserves¹** with further infill opportunities

Deep unconventional gas appraisal

- New appraisal play with proven gas flow across the basin
- **20.2 Tcfe net recoverable resource²**



1. Externally-audited by D&M as of Dec. 31, 2019
 2. Valeura working interest, unrisks recoverable natural gas prospective resource. From D&M Prospective Resource Report (February 2018)
 3. Q1 2020

Financial and Operating Results Summary

	Three Months Ended March 31, 2020	Three Months Ended December 31, 2019	Three Months Ended March 31, 2019
Financial (thousands of US\$ except share and per share amounts)			
Petroleum and natural gas revenues	2,808	2,653	2,918
Adjusted funds flow ¹	52	1,595	341
Net loss from operations	(192)	(735)	(2,310)
Exploration and development capital	1,882	3,669	4,273
Banarli Farm-in proceeds ²	-	-	(1,452)
Net working capital surplus	34,054	37,645	43,811
Cash	32,554	36,111	47,800
Common shares outstanding			
Basic	86,584,989	86,584,989	86,584,989
Diluted	94,988,323	92,421,565	92,406,655
Share trading (CDN\$ per share)			
High	0.65	2.65	3.99
Low	0.20	0.48	2.25
Close	0.23	0.64	3.59
Operations			
Production			
Crude oil (bbl/d)	17	-	20
Natural Gas (Mcf/d)	4,200	3,877	4,488
BOE/d (@ 6:1)	716	646	768
Average realised price			
Crude oil (\$ per bbl)	50.44	-	63.10
Natural gas (\$ per Mcf)	7.17	7.54	7.11
Average Operating Netback (\$ per boe @ 6:1) ¹	24.95	24.53	25.30

Notes:

See the Company's Management's Discussion and Analysis for the three months ended March 31, 2020 and 2019 filed on SEDAR for further discussion.

- The above table includes non-IFRS measures, which may not be comparable to other companies. Adjusted funds flow is calculated as net income (loss) for the period adjusted for non-cash items in the statement of cash flows. Operating netback is calculated as petroleum and natural gas sales less royalties, production expenses and transportation.
- Proceeds received from Equinor to complete spending commitment for Phase 2 of the Banarli Farm-in. Recorded in the financial statements as a reduction of exploration and evaluation assets.

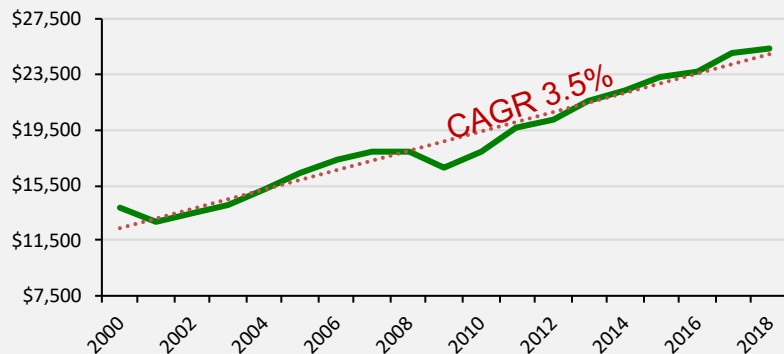


1. Overview of Valeura Energy
- 2. Turkey's natural gas industry**
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Turkey – Growing Gas Market Fundamentals

Turkey's economy is growing

Real 2011 US\$

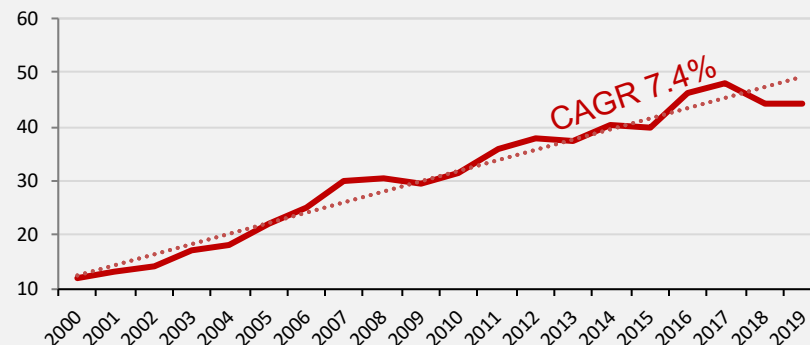


Long-term economic growth continuing

Gas demand mirrors GDP growth

Gas consumption

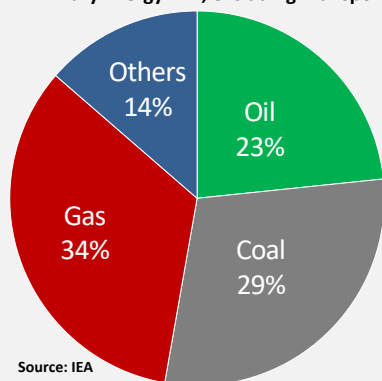
Million tonnes oil equivalent



Gas demand growing faster than GDP as gas becomes the energy source of choice

Heavily reliant on gas

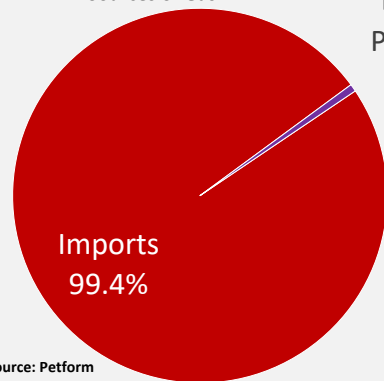
Primary Energy Mix, excluding Transportation



Gas is the biggest source of non-transport primary energy in Turkey, **approx. 5.1 Bcf/d**

All Gas is imported

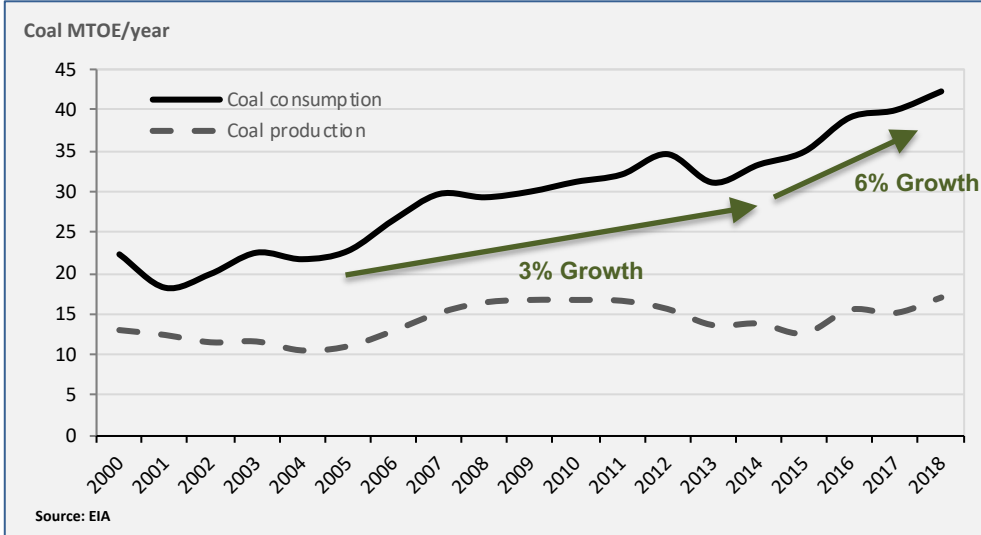
Sources of Gas



Domestic Production
0.6%

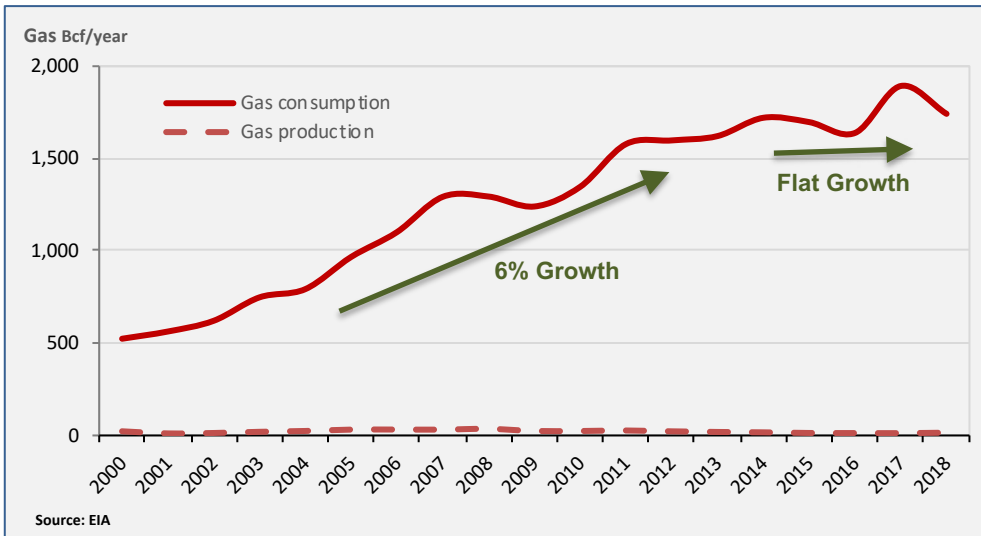
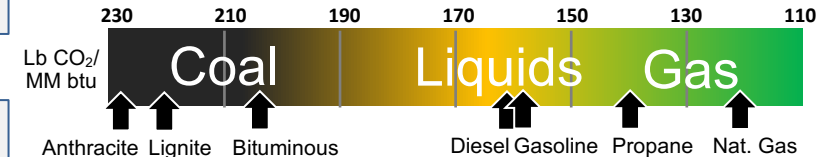
99.4% of Turkey's gas is imported

Domestic Gas can reduce Turkey's CO₂ emissions



Coal consumption is growing

- Recently Turkey has increased coal focus – driven by energy self-sufficient
- Substantial domestic supply of coal
>95% of it is high CO₂ lignite
- 40% of coal consumption is produced domestically
- Coal consumption is growing 6%/year

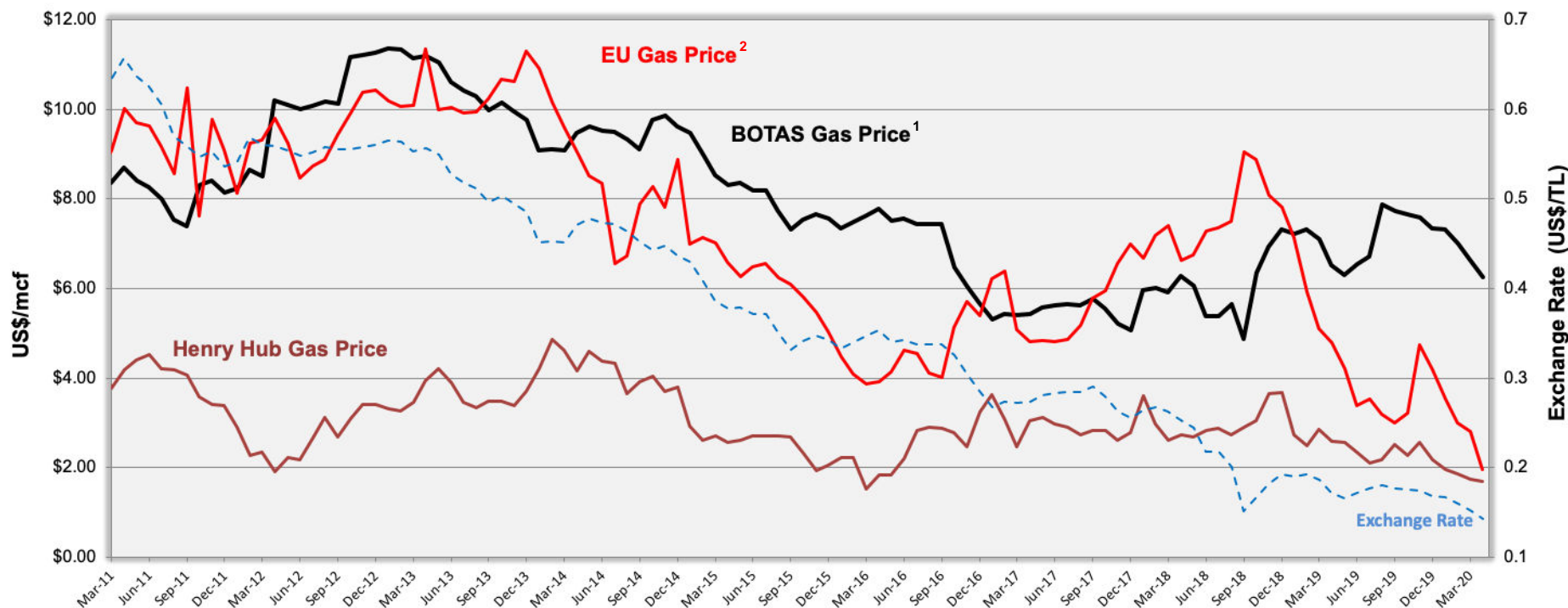


Domestic gas offers longer-term benefits

- <1% of gas consumption is produced domestically
- Developing a major gas resource play in Turkey reduces reliance on imports
- More gas in Turkey's energy mix reduces CO₂ emissions

Strong Natural Gas Pricing in Turkey

- BOTAS import contracts confidential, price has historically behaved like dampened EU gas price
- Prices generally stable and not exposed to high volatility of current global commodity markets
- **Recent price adjustments** account for 1) global energy price variations, and 2) Turkish Lira valuation
- Q1 2020 BOTAS Gas Price above US\$7/Mcf



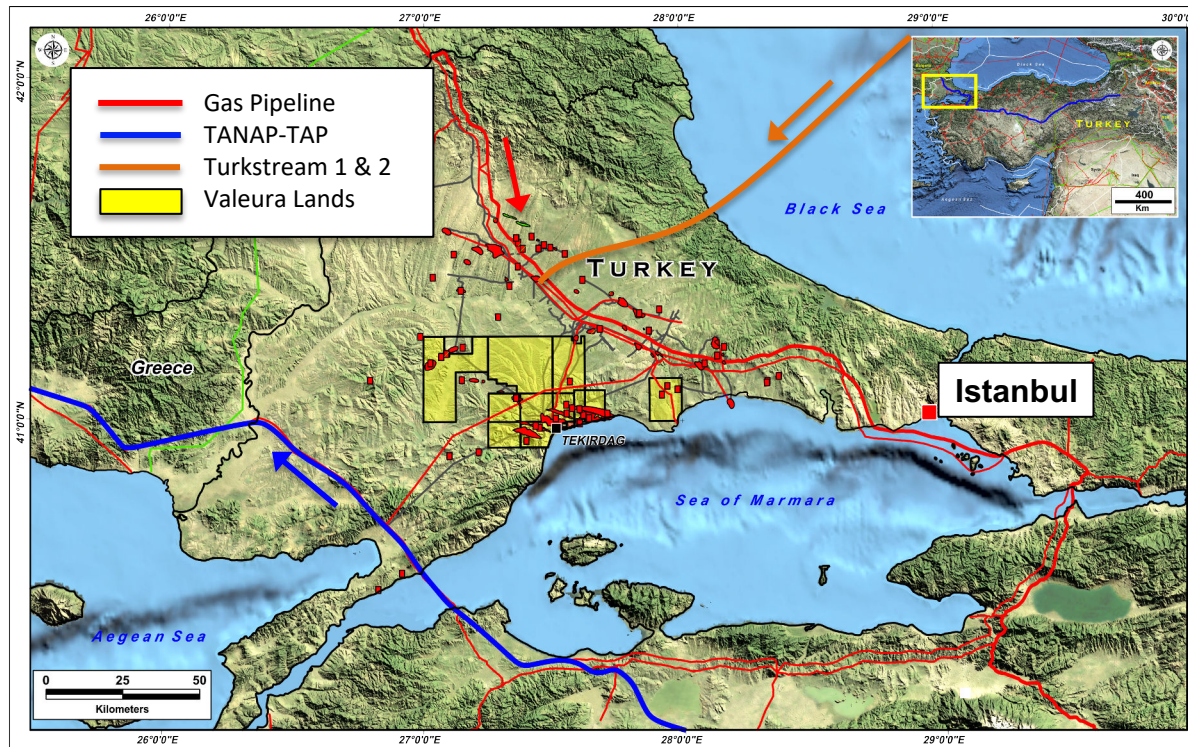
1. Boru Hatlari ile Petrol Tasima Anonim Sirketi ("BOTAS") owns and operates the national crude oil and natural gas pipeline grids in Turkey and purchases the majority of Turkey's natural gas imports. BOTAS regularly posts prices and its Level-2 wholesale tariff is shown herein as BOTAS Gas Price. See Valeura's 2018 AIF for further discussion.

2. EU Gas Price is a composite of Germany Gaspool, UK National Balancing Point, and Netherlands TTF quoted prices.



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Land Position Surrounded by Infrastructure



Oil & Gas Infrastructure

- Most pipeline infrastructure owned by Botas and can be accessed
- New TANAP gas pipeline commissioned in 2019
 - Currently flowing to Greece and Albania
 - Connection to Italy and European grid ongoing (2020)
- Major gas import lines from Russia at north of Valeura blocks
 - Flow into Turkish national grid
 - Constructing connection through Bulgari and into Europe

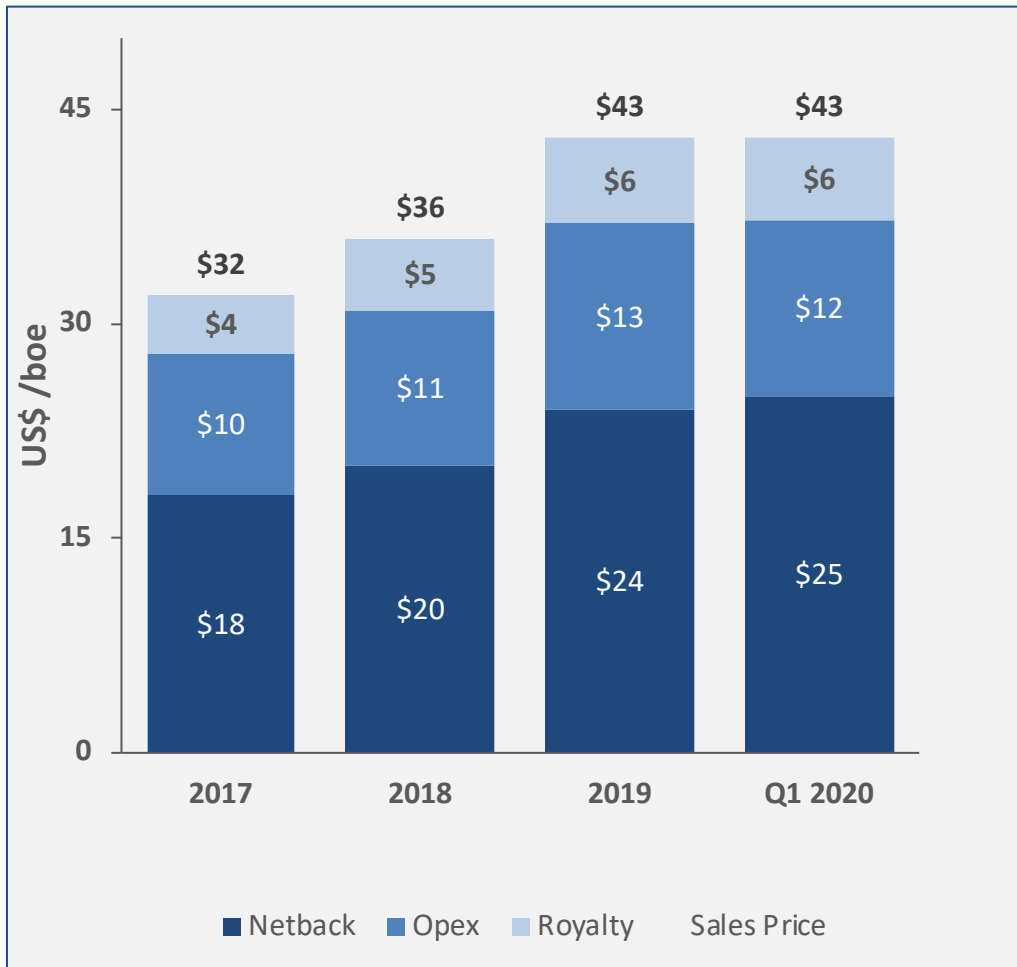
Access to Infrastructure and Services

- Most oil field services all available in Thrace area
- Valeura has been able to access all required drilling and fracking equipment
- 1½ hour drive to Istanbul Airport or Istanbul City Centre
- Proximal Transportation Infrastructure
 - Major highways through Tekirdag and connecting regional centres
 - Tekirdag port is a major import terminal

- Oil and liquid storage and transportation few 10s km from operations area

Valeura - Gas Economics & Marketing

Strong and Growing Netbacks



Existing Gas Infrastructure and Marketing Arrangements

- Valeura owns & operates the local network of gas gathering, processing facilities and sales lines
- Valeura has rights to market and sell gas directly to its ~55 industrial customers
- Excess gas can be sold to regional distributor, GAZDAS
- Gas from testing of deep appraisal wells is being sold to Valeura customers
- Existing gas sales network capacity sufficient for deep appraisal and pilot development projects
- Several proximal tie-in points to access Turkish main domestic grid or export lines to Europe

Shallow Asset Highlights

Key Facts

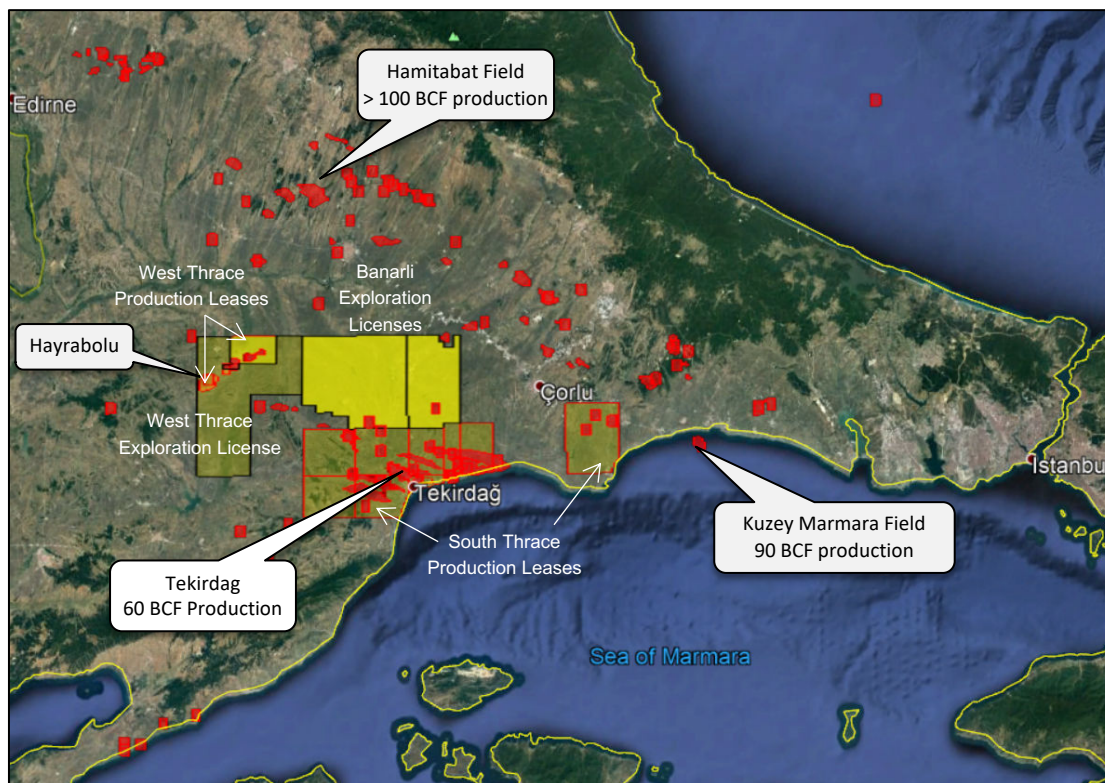
- Thrace Basin is a proven petroleum system with ~ 1Tcf produced
- TBNG producing gas in the basin for several decades – recently stable gas production at >4 MMcfd net
- Booked D&M Reserves¹ – Valeura WI
 - 1P reserves of 13.7 BCF
 - 2P reserves of 47.5 BCF
 - 3P reserves of 74.1 BCF

Opportunities

- Production growth from high-graded development drilling locations:
 - Currently completing detailed technical study of Tekirdag area
 - Study and field work has increased production in past 2 quarters
 - Planning infill drilling campaign targeting stacked Mezardere and Teslimkoy Formations
- 46 exploration prospects in multiple play
 - Mezardere channels identifiable by seismic
 - Structures against sealing transverse faults
 - Volcanic tuffs

1. Includes reserves for three deep wells of 1P 0.6 BCF, 2P 0.7 BCF and 3P 1.0 BCF

2. Based on D&M reserves evaluation as of Dec. 31, 2019



Reserves Evaluation ²	Proved (1P) Reserves Value US\$ million	Proved plus Probable (2P) Value US\$ million
Future gross revenue	96.3	347.2
Operating expenses	15.4	44.4
Capital costs	27.0	114.6
Abandonment costs	5.0	6.9
Income taxes	12.0	43.9
Future net revenue	37.0	137.3
NPV at 10%	23.8	66.1



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Deep, Unconventional Asset Highlights

- > 20 Tcfe deep gas discovery in 2017, further appraised in 2018 and 2019
- Gross sand interval of >1,000 m
- Three wells drilled and completed with 16 individual zones fracked and tested
- Gas produced from every zone tested at >1 MMcf/d; all wells tied-in to infrastructure
- Excellent dataset captured – 3D seismic, logs, core
- Targeted sweet spot opportunities in areas of the deep basin which have
 1. Deep gas critically stressed, fractured
 2. Gas halos and higher density resource
 3. Structural & stratigraphic trapping
 4. Shallow zones entering overpressure window

Forward Plan

- Secure a new partner
- Low capital spending in 2020 (US\$0.3 million)
 - Long term test of Devepinar-1
 - Option for follow up deepest test on Inanli-1
- Appraisal drilling planned for 2021/22 following a process to secure a joint venture partner in the deep

1. Valeura working interest, unrisked recoverable natural gas prospective resource per D&M report as of Dec. 31, 2018, adjusted for expected working interest after Equinor withdrawal in Q1 2020, subject to government registration.

BCGA Prospective Resource Summary¹

Recoverable Unconventional Natural Gas (Bcf)

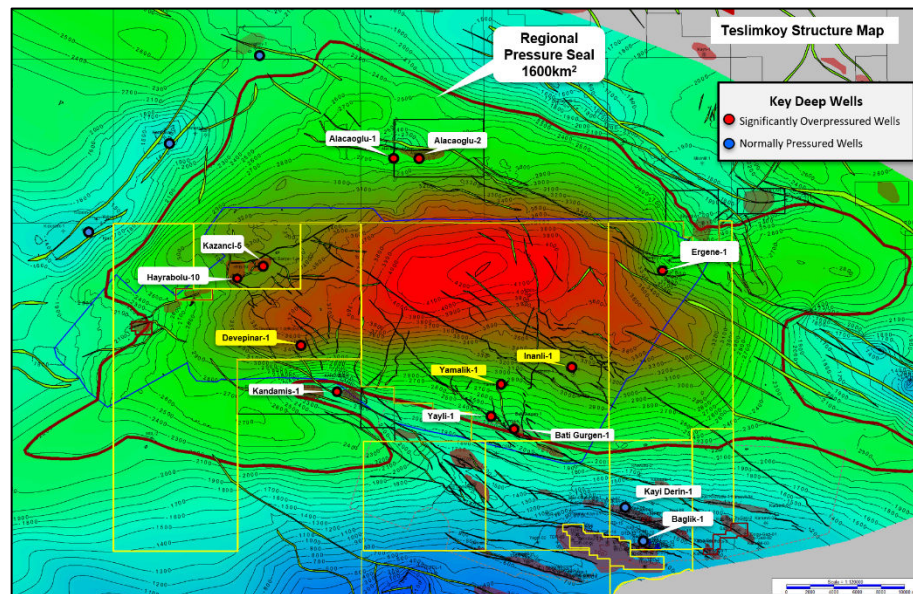
Unrisked (Valeura Working Interest Lands)			
Low Estimate	Best Estimate	High Estimate	Mean Estimate
6,329	15,075	39,596	19,979

- Chance of Commerciality: 51%
- Mean Gross Area: 456,470 acres
- Mean Net Risked Estimate: 10.2 Tcf
- Mean Net unrisked Estimate: 20.0 Tcf

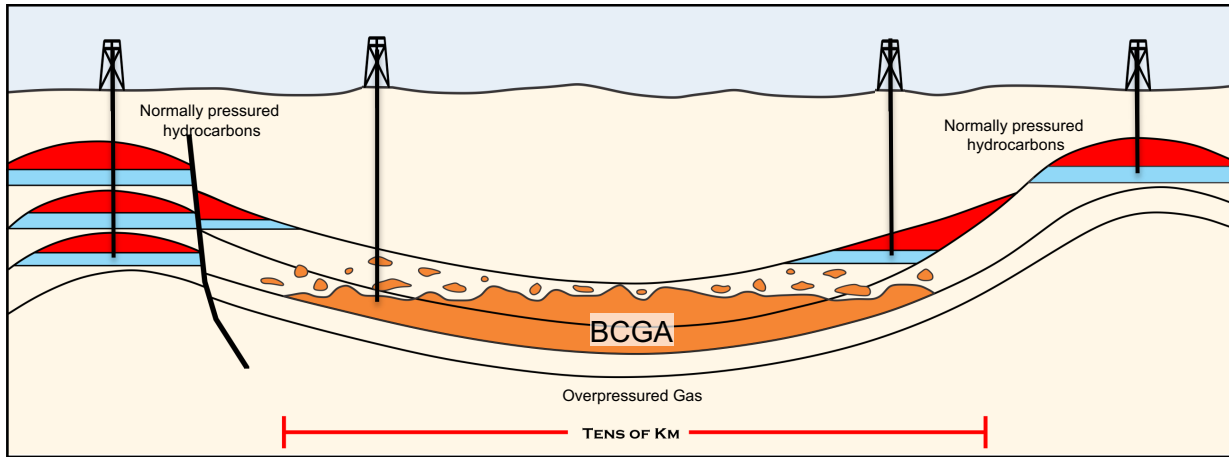
Recoverable Condensate (MMbbls)

Unrisked (Valeura Working Interest Lands)			
Low Estimate	Best Estimate	High Estimate	Mean Estimate
89	306	996	467

- Mean Net unrisked Estimate: 467 MMbbls

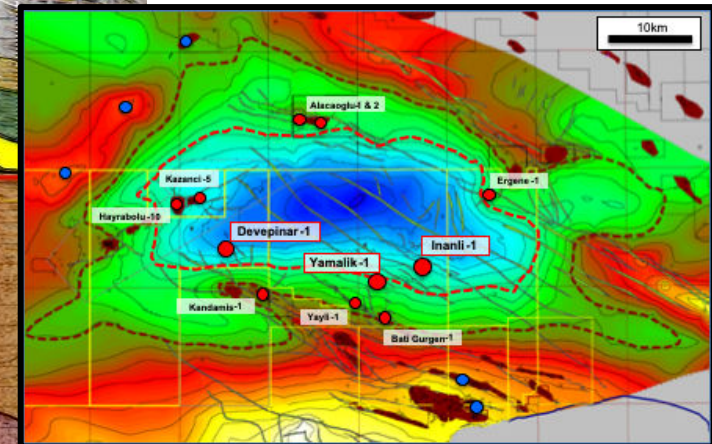
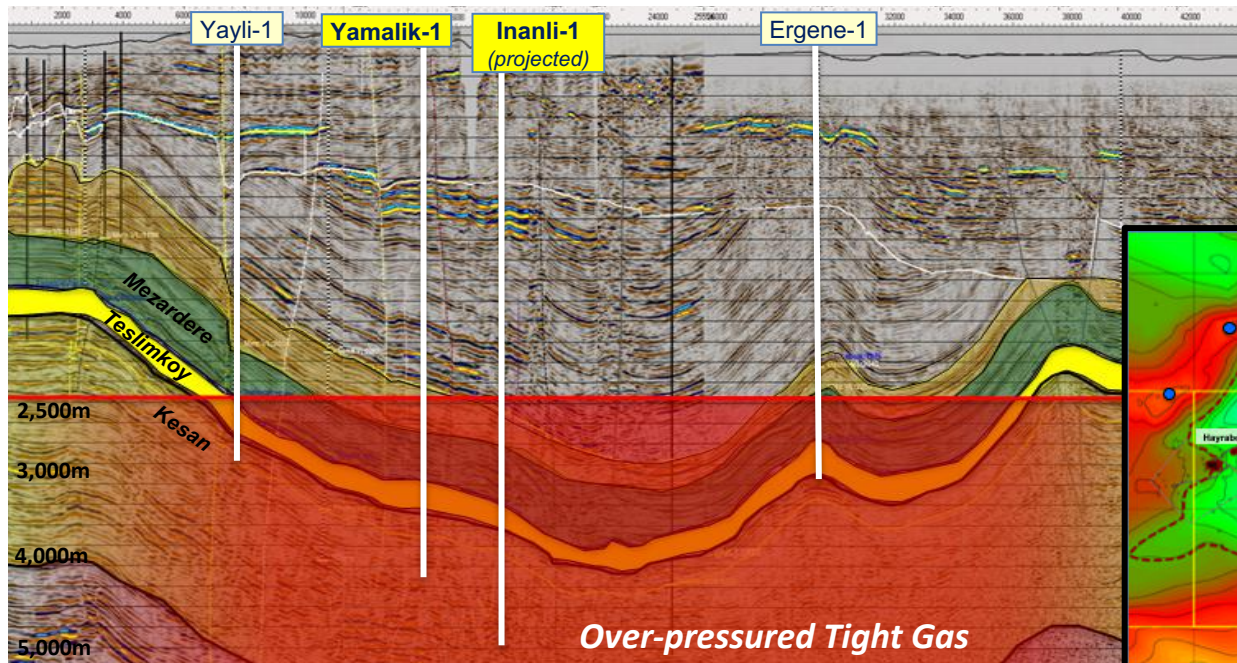


Three wells have each drilled >1km over-pressured gas



Deep well characteristics

- All 11 wells around basin encountered significantly over-pressured sandstone
- Yamalik-1 and Inanli-1 measured ~0.8 psi/ft at depth (almost double water gradient)
- Each appraisal well intersected a thick reservoir: >1,300m of objective section
- Low permeability reservoir, but all appraisal wells successfully flowed gas to surface



Project Scope and Fiscal Comparison

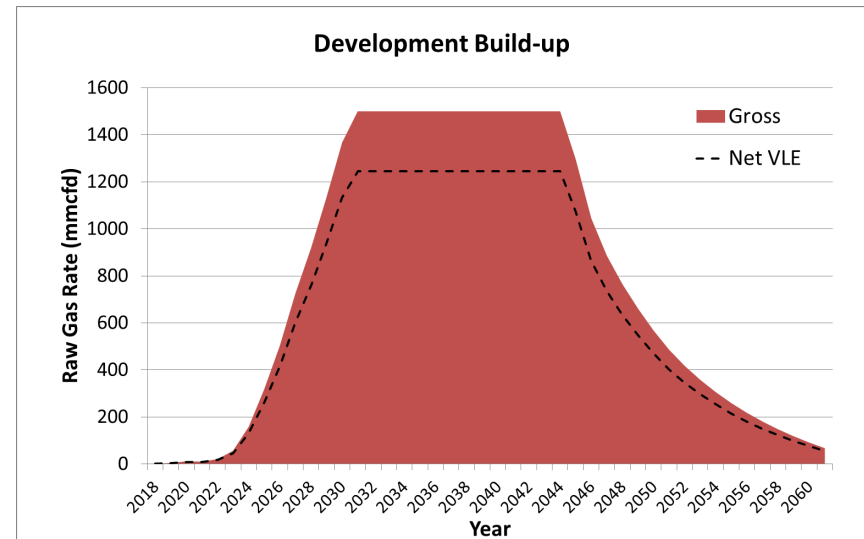
- Illustrative production profile to recover **12.5 Tcf** (D&M risked gross):
- Gross plateau production : 1.5 Bcf/d
- Valeura plateau of 1.24 Bcf/d
- Valeura net annual revenue of >\$3 billion during plateau - based on current gas prices

Fiscal Terms & Price Comparison

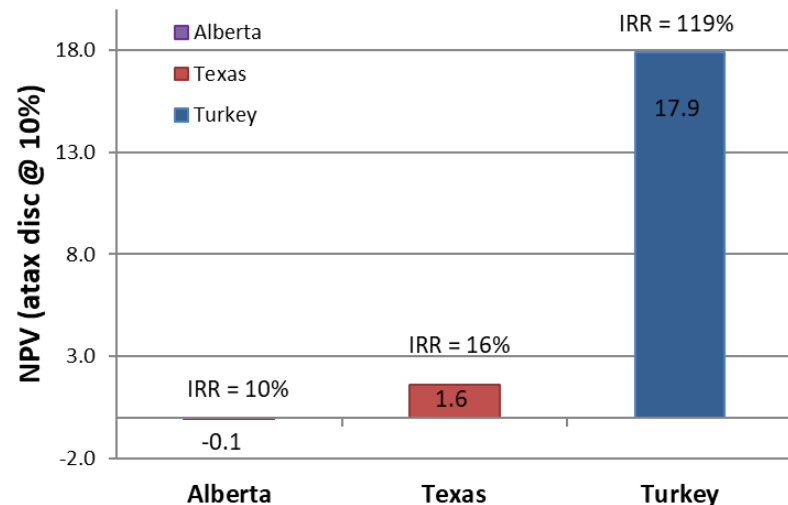
- Fiscal terms & Prices adjusted for region
- Assumes an identical horizontal well
 - Capital cost of \$9 million
 - Generic decline curve with EUR of 7.7 Bcfe
- Higher value in Turkey driven by gas prices
 - Allows for much higher value for typical NA well results; or
 - Yields positive economic results from lower production and reserves
 - Higher chance of success given lower well rates required

Notes:

1. Generic curve for unconventional production: 83% decline in Year 1, condensate gas ratio of 31.3 bbls/MMcf
2. All net present values after tax, discounted at 10%, midyear. Costs escalated at 1.5%/year
3. Product price assumptions:
 - a. Turkey: US\$7/MMbtu escalated at 2.9%/year, US\$65/bbl condensate price escalated at 1.5%/year
 - b. Texas: US\$2.80/MMbtu Henry Hub and US\$64/bbl, prices escalated at 1.5%/year
 - c. Alberta: CAD\$1.55/MMbtu AECO and US\$64/bbl, prices escalated at 1.5%/year
4. Royalty rate for Texas assumed 22.5% freehold

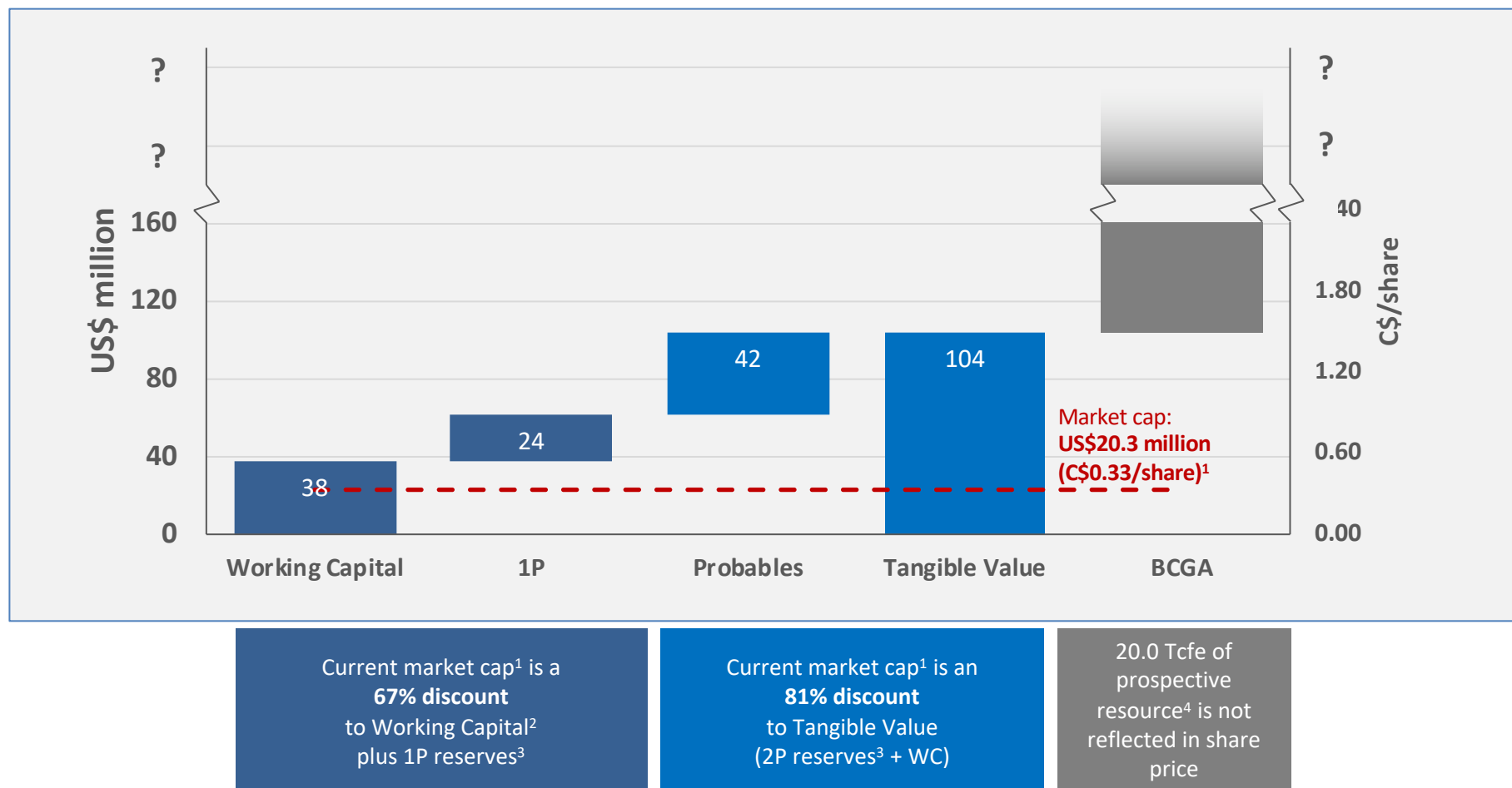


Comparison of Well Economics - Mid Case



Sum of the parts

Value of the business



1. Closing TSX share price on May 4, 2020, with 86 million shares outstanding, and C\$/US\$: 0.70101

2. As of Dec. 31, 2019

3. D&M Reserves Evaluation as of Dec. 31, 2019, based on NPV at 10% after taxes

4. Valeura working interest, unrisks recoverable natural gas prospective resource per D&M report as of Dec. 31, 2018, adjusted for working interest after Equinor withdrawal in Q1 2020.

Summary

- **Cash**
 - Strong balance sheet
 - Working capital surplus \$34 million¹
 - No debt¹
- **Cash Flow**
 - Conventional gas production of 716 boe/d² - *increased production over past two quarters*
 - Realised price US\$7.08/Mcf² and netbacks US\$24/boe²
 - Cash generated from operations > G&A and opex²
- **Excellent Operating Environment & Fiscal terms**
 - 12.5% Royalty, 22% corporate tax
- **Significant Upside in Ongoing Appraisal**
 - A major new unconventional gas play in Turkey
 - 20 Tcfe net recoverable resource³
 - All appraisal wells flowed gas to surface

1. As of December 31, 2019

2. Q1 2020

3. Valeura working interest, unrisks recoverable natural gas prospective resource per D&M report as of Dec. 31, 2018, adjusted for working interest after Equinor withdrawal in Q1 2020.





EXCEPTIONAL VALUE CREATION IN TURKEY

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