VALEURA ENERGY INC.

FORM 51-102F4

BUSINESS ACQUISITION REPORT

ITEM 1 – IDENTITY OF COMPANY

1.1 Name and Address of Company

Valeura Energy Inc.
550, 333 11th Ave SW
Calgary, AB T2R 1L9

1.2 Executive Officer

Steve Bjornson
Chief Financial Officer
Telephone: (403) 237-7102
Fax: (403) 237-7103

ITEM 2 – DETAILS OF THE ACQUISITION

2.1 Nature of Business Acquired

Valeura Energy Inc. ("**Valeura**") acquired natural gas production of approximately 10.0 MMcf/d (net before royalties), all related gathering lines and facilities, and 588,719 net acres of land in the Thrace and Anatolian Basins in Turkey ("**TBNG Assets**") pursuant to the acquisition by one of Valeura's wholly-owned subsidiaries, Valeura Energy (Netherlands) Coöperatief U.A. of all of the issued and outstanding shares of Corporate Resources B.V. (the "**Acquisition**").

The TBNG Assets include a 40% working interest in four production leases and varying interests in 15 exploration licences (1,832,894 gross acres or 588,719 net acres – excluding a 0.4% royalty interest in Licence 4201) in the Thrace Basin in northwest Turkey and the Anatolian Basin in southeast Turkey, summarized as follows:

Basin	Area	Interest Held
Thrace	Marmara (onshore)(1)	40.0%
	Marmara (offshore - shelf)	15.0%
	Marmara (offshore - deep)	35.0%
Anatolian	Gaziantep	26.0%

Note:
(1) Valeura shall be entitled to a 40.00% share of a 1% royalty (or 0.4%) pertaining to Licence 4201.

In connection with the Acquisition, an evaluation of the TBNG Assets as at October 1, 2010 was prepared by W.D. Von Gonten & Co. Petroleum Engineering ("**Von Gonten**") based in Houston, Texas, in accordance with the guidelines of National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**") and the Canadian Oil and Gas Evaluation Handbook (the "**Von Gonten Report**"). The following table sets forth the estimates of proved plus probable reserves and future net revenue in US$ attributable to the TBNG Assets based on the Von Gonten Report. The reserve and future net revenue estimates provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered or future net revenues will be earned. Actual reserves and revenues may be greater than or less than the estimates provided herein. Von Gonten is independent (as that term is defined in NI 51-101) of Valeura and the parties from whom the TBNG Assets were purchased.

Reserves Category	Reserves				Net Present Values of Future Net Revenue (US$)					
	Light and Medium Oil		Natural Gas		Before Income Taxes Discounted At (%/year)					Unit Value Before Income Tax Discounted At 10%/year
	Gross (Mbbl)	Net (Mbbl)	Gross (Mbbl)	Net (Mmbl)	0 (M$)	5 (M$)	10 (M$)	15 (M$)	20 (M$)	$/Mcf
PROVED										
Developed Producing	-	-	4,962	4,292	26,986	25,212	23,758	22,541	21,505	5.54
Developed Non-Producing	-	-	1,943	1,681	8,848	7,354	6,225	5,349	4,653	3.70
Undeveloped	-	-	1,418	1,227	6,715	5,956	5,330	4,806	4,363	4.34
TOTAL PROVED	-	-	8,323	7,199	42,549	38,522	35,313	32,696	30,520	4.91
PROBABLE	0.2	0.2	1,732	1,498	4,472	3,928	3,468	3,075	2,737	2.31
TOTAL PROVED PLUS PROBABLE	0.2	0.2	10,055	8,698	47,021	42,450	38,782	35,772	33,257	4.46

Notes:

1. Due to rounding errors the numbers may not sum exactly.
2. Unit values are based on net reserve volumes.
3. "Gross Reserves" are the Corporation's working interest (operating or non-operating) share before deducting royalties and without including any royalty interests of the Corporation. "Net Reserves" are the Corporation's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Corporation's royalty interests in reserves.
4. "Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
5. "Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
6. "Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
7. "Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.
8. "Undeveloped" reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production.

9. Forecast prices and costs as at October 1, 2010 are based on pricing assumptions used in the Von Gonten Report with respect to values of future net revenue (forecast) as well as the inflation rates used for operating and capital costs are set forth below.
10. The forecast price deck is as follows: US$7.99 per Mcf in the 4th quarter of 2010; US$8.15 per Mcf in 2011; and, escalated 2% per year thereafter. Costs are escalated at 2% per year.

Production from the TBNG Assets for the year ended December 31, 2010 was 9.3 Mmcf/d and for the year ended December 31, 2009 was 10.6 Mmcf/d.

The transfer of registered ownership of the TBNG Assets, and the reserves attributable to such TBNG Assets, to CRBV will be subject to the approval of the General Directorate of Petroleum Affairs of the Republic of Turkey (the "**GDPA**"), a process that is anticipated to take three to six months. Pending GDPA approval, CRBV will retain the economic rights to the TBNG Assets pursuant to a net profits interest agreement, which is effective as of April 1, 2011.

2.2 Date of Acquisition

The business acquisition described in this Business Acquisition Report closed on June 8, 2011 with a purchase price effective date of October 1, 2010.

2.3 Consideration

The total consideration paid by Valeura was a cash payment of US $57.3 million which reflects purchase price adjustments from the effective date of October 1, 2010 to March 31, 2011. The final acquisition price will be approximately US $55.0 million after purchase price adjustments made to the closing date of June 8, 2011.

To finance the Acquisition, Valeura completed a bought deal private placement (the "**Offering**") of subscription receipts (the "**Subscription Receipts**") on February 28, 2011 for proceeds of CDN $86.25 million. Each Subscription Receipt was exchanged for one common share and one-half of one common share purchase warrant contemporaneously with the closing of the Acquisition on June 8, 2011.

2.4 Effect on Financial Position

The effect of the Acquisition on the Corporation's financial position is outlined in the pro forma operating statements attached hereto as Appendix B to this Business Acquisition Report. Upon completion of the Acquisition, Corporate Resources B.V. became a wholly-owned subsidiary of the Corporation.

Subsequent to closing the Acquisition, Valeura has sufficient capital resources available for the 2011 and 2012 exploration and development program. The acquisition of US $55.0 million was funded by an equity financing of CDN $86.25 million. At the closing of the acquisition, the Company had an estimated CDN $35.0 million of cash available for future capital expenditures. In addition, the acquired production of approximately 10.0 Mmcf/d of natural gas production will provide increased cash flow from operations which will be reinvested in the 2011 and 2012 capital program (see the pro forma consolidated operating statements attached to Appendix B).

2.5 Prior Valuations

No valuation opinion was obtained in connection with the Acquisition.

2.6 Parties to the Transaction

Not applicable. The Acquisition was not with an "informed person" (as such term is defined in Section 1.1 of National Instrument 51-102 - *Continuous Disclosure Obligations* ("**NI 51-102**")) or an associate or affiliate of the Corporation.

2.7 Date of Report

August 22, 2011

ITEM 3 – FINANCIAL DISCLOSURE

Pursuant to Part 8 of NI 51-102, the following financial statements are attached to and form an integral part of this Business Acquisition Report:

- Appendix A – Operating statement in respect of the TBNG Assets for the years ended December 31, 2010 (audited), December 31, 2009 (unaudited) and the three month period, ended March 31, 2011 and 2010 (unaudited);
- Appendix B – Unaudited pro forma consolidated operating statement of the TBNG Assets for the three months period ended March 31, 2011 and the year ended December 31, 2010 giving effect to the Acquisition.

APPENDIX A

Operating Statement of the

TBNG ASSETS

For the three months ended March 31, 2011 and 2010 and the years ended December 31, 2010 and 2009

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INDEPENDENT AUDITORS' REPORT

To the Directors of Valeura Energy Inc.

We have audited the accompanying operating statement containing revenues, royalties and operating expenses of the TBNG Assets for the year ended December 31, 2010 and notes, comprising a summary of significant accounting policies and other explanatory information (together "the operating statement").

Management's Responsibility for the Operating Statement

Management of Valeura Energy Inc. is responsible for the preparation of the operating statement in accordance with the financial reporting framework specified in subsection 8.10(3)(e)(i) of National Instrument 51-102 *Continuous Disclosure Obligations* for an operating statement of an acquired oil and gas property, and for such internal control as management determines is necessary to enable the preparation of the operating statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the operating statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the operating statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the operating statement. The procedures selected depend on our judgment, including the assessment of the risk of material misstatement of the operating statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the operating statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the operating statement.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the operating statement for the year ended December 31, 2010, is prepared, in all material respects, in accordance with the financial reporting framework specified in subsection 8.10(3)(e)(i) of National Instrument 51-102 *Continuous Disclosure Obligations* for an operating statement of an acquired oil and gas property.

Other Matter

The operating statement of the TBNG Assets for the year ended December 31, 2009, is unaudited.

Signed "KPMG LLP"

Chartered Accountants

Calgary, Canada
August 22, 2011

TBNG ASSETS
Operating Statement

Amounts are in thousands of Canadian dollars

	Three months ended March 31, 2011	2010	Years ended December 31, 2010	2009
	(unaudited)		(audited)	(unaudited)
Revenues	$ 6,438	$ 6,634	$ 26,533	$ 35,042
Royalties	(805)	(828)	(3,313)	(4,374)
	5,633	5,806	23,220	30,668
Operating expenses	263	374	1,925	1,908
	$ 5,370	$ 5,432	$ 21,295	$ 28,760

See accompanying notes to the operating statement.

1. **Basis of presentation:**

The operating statement reflects the revenues, royalties and operating expenses relating to the operations of certain Thrace Basin Natural Gas petroleum and natural gas properties (the "TBNG Assets") for the three months ended March 31, 2011 and 2010 and the years ended December 31, 2010 and 2009 and, accordingly, does not present the complete revenues and expenses related to these properties.

The operating statement has been prepared from the records of the vendor of the TBNG Assets and includes only working interest revenues, royalties and operating expenses associated with the TBNG Assets. The operating statement does not include any provision for depletion and depreciation, accretion of decommissioning obligations, future capital costs, impairment of unevaluated properties, general and administrative costs, and income taxes for the selected properties as these amounts are based on the consolidated operations of the vendor of which the selected properties form only a part.

The operating statement has been prepared in accordance with the financial reporting framework specified in subsection 8.10(3)(e)(i) of National Instrument 51-102 *Continuous Disclosure Obligations* for periods ended prior to January 1, 2011 and subsection 3.11(5) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards* for periods beginning after January 1, for an operating statement of an acquired oil and gas property. The revenues, royalties and operating expenses reported in the operating statement for the three months ended March 31, 2011 are stated in accordance with International Financial Reporting Standards ("IFRS"). The revenues, royalties and operating expenses reported in the operating statement for the three months ended March 31, 2010 and the years ended December 31, 2010 and 2009 are stated in accordance with IFRS and Canadian generally accepted accounting principles in effect prior to January 1, 2011 ("Canadian GAAP"). There are no differences between IFRS and Canadian GAAP that would impact the revenues, royalties and operating expenses for any of the periods presented.

2. **Significant accounting policies:**

(a) Revenue recognition:

Petroleum and natural gas revenues are recognized when the commodities are delivered and title passes to the external third-party purchaser. Petroleum and natural gas revenues are based on posted blended prices established by actual sales contracts in place directly with industrial users.

(b) Royalties:

Royalties are recorded at the time the product is produced and sold. Royalties are calculated in accordance with the applicable regulations and/or the terms of the individual royalty agreements.

2. Significant accounting policies (continued):

(c) Operating expenses:

Operating expenses include only those costs incurred at the wellhead together with the costs associated with the gathering, processing and delivery of the natural gas and condensate.

(d) Joint operations

As the properties are operated through joint ventures, the operating statement only reflects the proportionate interest acquired.

(e) Foreign currency

The operating statement is presented in Canadian dollars and has been converted from Turkish Lira using the monthly average exchange rates.

APPENDIX B

Pro-Forma Consolidated Operating statements in respect of the TBNG Assets for the three month period ended March 31, 2011 and for the Year Ended December 31, 2010.

Pro Forma Operating Statement

For the Three Months Ended March 31, 2011 (Unaudited) (amounts are in thousands of Canadian dollars)	Valeura Energy Inc.	TBNG Assets	Pro Forma Consolidated Valeura Energy Inc.
Revenues:			
Petroleum and natural gas	$ 562	$ 6,438	$ 7,000
Royalties	(56)	(805)	(861)
	506	5,633	6,139
Operating expenses	373	263	636
	$ 133	$ 5,370	$ 5,503

Pro Forma Operating Statement

For the year ended December 31, 2010 (Unaudited) (amounts are in thousands of Canadian dollars)	Valeura Energy Inc.	TBNG Assets	Pro Forma Consolidated Valeura Energy Inc.
Revenues:			
Petroleum and natural gas	$ 3,234	$ 26,533	$ 29,767
Royalties	(280)	(3,313)	(3,593)
	2,954	23,220	26,174
Operating expenses	1,743	1,925	3,668
	$ 1,211	$ 21,295	$ 22,506

See accompanying notes.

Notes to the Pro Forma Consolidated Operating Statements

FOR THE THREE MONTHS ENDED MARCH 31, 2011 AND FOR THE YEAR ENDED DECEMBER 31, 2010(Unaudited)

1. BASIS OF PRESENTATION

On June 8, 2011, Valeura Energy Inc. ("Valeura") closed the acquisition of natural gas production of approximately 10.0 Mmcf/d (net before royalties), all related gathering lines and facilities, and 588,719 net acres of land in the Thrace and Anatolian Basins in Turkey ("TBNG Assets"). The TBNG Assets present exposure to a potentially significant unconventional tight gas opportunity along with a conventional shallow gas play and complement the Company's existing farm-in opportunities in the Anatolian Basin.

The accompanying unaudited pro forma consolidated operating statements have been prepared by management of the Company in accordance with IFRS to give effect to the proposed acquisition of the TBNG Assets.

Accounting policies used in the preparation of the unaudited pro forma consolidated operating statements are disclosed in the Company's interim financial statements as at and for the three months ended March 31, 2011 and as at and for the year ended December 31, 2010. The unaudited pro forma consolidated operating statements should be read in conjunction with the financial statements and notes thereto.

The unaudited pro forma consolidated operating statement are not necessarily indicative of the results that actually would have occurred if the events reflected herein had taken place on the dates indicated or of results that may be obtained in the future.

The unaudited pro forma consolidated operating statement for the three months ended March 31, 2011 has been prepared from:

- the unaudited interim financial statements of the Company for the three months ended March 31, 2011; and
- the unaudited operating statement of the TBNG Assets for the three months ended March 31, 2011.

The unaudited pro forma consolidated operating statement for the year ended December 31, 2010 has been prepared from:

- the unaudited financial statements of the Company for the year ended December 31, 2010 as presented and disclosed in the unaudited interim March 31, 2011 comparative financial statements; and
- the audited operating statement of the TBNG Assets for the year ended December 31, 2010.