*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), the state securities laws of any state of the United States, and, accordingly, may not be offered, sold or delivered, directly or indirectly, within the United States (as such term is defined in Regulation S under the U.S. Securities Act), except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. This short form prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of these securities within the United States. See "Plan of Distribution".*

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Valeura Energy Inc. at its head office at Suite 1200, 202 - 6th Avenue S.W., Calgary, Alberta, T2P 2R9, telephone: (403) 930-1151 and are also available electronically on SEDAR at www.sedar.com.*

Short Form Prospectus

New Issue

valeura energy inc.

October 2, 2012

11,500,000 Common Shares at $1.30 per Common Share for gross proceeds of $14,950,000

This short form prospectus qualifies the distribution of 11,500,000 common shares ("**Offered Shares**") of Valeura Energy Inc. ("**Valeura**") at a price of $1.30 per Offered Share (the "**Offering**"). See "*Plan of Distribution*" and "*Details of the Offering*".

The issued and outstanding common shares ("**Common Shares**") of Valeura are listed on the Toronto Stock Exchange (the "**TSX**") under the trading symbol "VLE". On September 14, 2012, the last trading day on the TSX prior to the announcement of the Offering, the closing price of the Common Shares on the TSX was $1.44 per Common Share and on October 1, 2012, the last full trading day on the TSX prior to the filing of this short form prospectus, the closing price of the Common Shares on the TSX was $1.25 per Common Share.

The terms of the Offering were determined by negotiation between Valeura and Cormark Securities Inc. (the "**Lead Underwriter**") on its own behalf and on behalf of National Bank Financial Inc., Canaccord Genuity Corp., FirstEnergy Capital Corp. and Jennings Capital Inc. (collectively with the Lead Underwriter, the "**Underwriters**").

	Price to Public	Underwriters' Fee	Net Proceeds to Valeura(1)(2)
Per Common Share	$1.30	$0.078	$1.222
Total	$14,950,000	$897,000	$14,053,000

Notes:

(1) Before deducting expenses of the Offering, estimated to be $225,000, which will be paid from the general funds of Valeura.

(2) Valeura has granted to the Underwriters an over-allotment option (the "**Over-allotment Option**"), for the purposes of covering the Underwriters' over-allocation position, if necessary, and for market stabilization purposes, to purchase up to an additional 1,725,000 Common Shares on the same terms and conditions as the Offering. The Over-allotment Option is exercisable, in whole or in part, at the discretion of the Underwriters, at any time and from time to time prior to 5:00 p.m. on the date that is 30 days following the Closing Date (as defined herein). If the Over-allotment Option is exercised in full, the total Price to Public, Underwriters' Fee and Net Proceeds to Valeura (before deducting expenses of the Offering) will be $17,192,500, $1,031,550 and $16,160,950, respectively. This short form prospectus also qualifies the grant of the Over-allotment Option and the distribution of any Common Shares issued pursuant to the exercise of the Over-allotment Option. Where applicable, references to "Offering" and "Offered Shares" include the Common Shares issuable upon exercise of the Over-allotment Option. See "*Plan of Distribution*".

The following table sets forth the number of Offered Shares that may be issued by Valeura pursuant to the Over-allotment Option:

Underwriters' Position	Maximum Size	Exercise Period	Exercise Price
Over-allotment Option	1,725,000 Common Shares	30 days following the Closing Date	$1.30 per Common Share

A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position acquires such Common Shares under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-allotment Option or secondary market purchases.

The TSX has conditionally approved the listing of the Offered Shares. Listing of the Offered Shares on the TSX is subject to Valeura fulfilling all of the listing requirements of the TSX on or before December 20, 2012.

The Underwriters, as principals, conditionally offer the 11,500,000 Offered Shares, subject to prior sale, if, as and when issued by Valeura and accepted by the Underwriters in accordance with the conditions contained in the underwriting agreement among Valeura and the Underwriters dated effective September 17, 2012 (the "**Underwriting Agreement**") and subject to approval of certain legal matters on behalf of Valeura by Norton Rose Canada LLP and on behalf of the Underwriters by Torys LLP. See "*Plan of Distribution*".

The Underwriters propose to offer the Offered Shares distributed under this short form prospectus initially at the offering price specified above. After a reasonable effort has been made to sell all of the Offered Shares distributed under this short form prospectus at the price specified, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any Offered Shares remaining unsold. Any such reduction shall not affect the net proceeds from the Offering received by Valeura. Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those that might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "***Plan of Distribution***".

Subscriptions for Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at anytime without notice. Closing of the Offering is expected to occur on or about October 10, 2012 or such other date as Valeura and the Underwriters may agree, such date not to exceed 42 days after the date of the receipt for this (final) short form prospectus (the "**Closing Date**").

An investment in the Offered Shares is speculative and involves a high degree of risk. Valeura's business is subject to risks normally encountered in the oil and gas industry as well as many additional risks with conducting oil and gas operations in the Republic of Turkey. The risk factors outlined or incorporated by reference in this short form prospectus should be carefully reviewed and considered by prospective purchasers in connection with their investment in the Offered Shares. See: "*Forward-Looking Statements*" and "*Risk Factors*".

Investors should rely only on the information contained in this short form prospectus and the documents incorporated by reference herein. Valeura has not authorized anyone to provide investors with different information. Valeura is not offering the Offered Shares in any jurisdiction in which the Offering is not permitted. Investors should not assume that the information contained in this short form prospectus is accurate as of any date other than the date of this short form prospectus. Subject to Valeura's obligations under applicable securities laws, the information contained in this short form prospectus is accurate only as of the date of this short form prospectus regardless of the time of delivery of this short form prospectus or of any sale of the Offered Shares.

Valeura's principal office is located at Suite 1200, 202 - 6th Avenue S.W., Calgary, Alberta, T2P 2R9 and its registered office is located at Suite 3700, 400 – 3rd Avenue S.W., Calgary, Alberta, T2P 4H2.

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GLOSSARY OF TERMS

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder.

"**AIF**" means the annual information form of Valeura dated March 21, 2012 for the year ended December 31, 2011.

"**AME**" means Aladdin Middle East Ltd.

"**AME-GYP farm-in**" means the farm-in pursuant to the farm-in agreement executed on September 1, 2010 between Valeura and AME and GYP, two affiliated oil and gas companies operating in the Republic of Turkey.

"**Annual Financial Statements**" means the audited consolidated financial statements of Valeura as at December 31, 2011 and 2010 and January 1, 2010 and for the years ended December 31, 2011 and 2010, together with the notes thereto and the auditor's report thereon.

"**Annual MD&A**" means the amended management's discussion and analysis of Valeura as at and for the years ended December 31, 2011 and 2010.

"**Anatolian Basin**" means an area of land in the southeast region of the Republic of Turkey.

"**Business Acquisition Report**" means the business acquisition report of Valeura dated August 22, 2011.

"**Closing Date**" means October 10, 2012 or such other date as Valeura and the Underwriters may agree, such date not to exceed 42 days after the date of the receipt for the (final) short form prospectus.

"**Common Shares**" means common shares in the capital of Valeura.

"**Consolidation**" means the consolidation of Common Shares on a 10 for 1 basis which occurred on September 15, 2011.

"**Edirne Acquisition**" means the acquisition by Valeura of certain non-operated producing natural gas assets in the Thrace Basin in the Republic of Turkey owned by a wholly-owned affiliate of Australia-based Otto Energy Ltd., which closed on March 24, 2011.

"**Financing Warrants**" means the common share purchase warrants issued as part of the Subscription Receipts Offering (as defined herein) which closed on February 28, 2011. On a post-share consolidation basis, the holder of Financing Warrants is entitled to exchange 10 warrants to acquire one Common Share at a price of $5.50 per Common Share for a period of 60 months from the closing date of the Subscription Receipts Offering. The Company will have the right to accelerate the expiry date of the Financing Warrants to 30 days from the date of notice once the 20 day volume weighted average price of the Common Shares on the TSX has become equal to, or greater than, $11.00 per Common Share.

"**GDPA**" means the Republic of Turkey's General Directorate of Petroleum Affairs.

"**GYP**" means Guney Yildizi Petrol Uretim Sondaj, Muteahhitlik ve Ticaret A.S.

"**IFRS**" means International Financial Reporting Standards, as adopted by the International Accounting Standards Board.

"**2011 Information Circular**" means the notice of meeting and information circular of Valeura dated May 3, 2011 for the annual and special meeting of shareholders of Valeura held on June 15, 2011.

"**2012 Information Circular**" means the notice of meeting and information circular of Valeura dated March 21, 2012 for the annual and special meeting of shareholders of Valeura held on May 15, 2012.

"**Lead Underwriter**" means Cormark Securities Inc.

"**Marhat**" means Marhat Insaat Enerji Madencilik Taahhut Sanayi Ticaret Ltd. Sti.

"**Marhat farm-in**" means the farm-in pursuant to the farm-in agreement between Valeura and Marhat executed in May 2011.

"**MENA Region**" means the Middle East and North Africa.

"**Oando**" means Oando Energy Resources Inc., formerly "Exile Resources Inc.".

"**Offered Shares**" means the Common Shares issuable pursuant to the Offering, including, as applicable, the Common Shares issuable pursuant to the Over-allotment Option.

"**Offering**" means the offering of Offered Shares at a price of $1.30 per Offered Share pursuant to this short form prospectus.

"**Option Plan**" means the stock option plan of Valeura.

"**Over-allotment Option**" means the option granted to the Underwriters to purchase up to an additional 1,725,000 Common Shares, on the same terms and conditions as the Offering, exercisable at any time until 30 days following the Closing Date for the purposes of over-allotments and market stabilization.

"**PTI**" means Pinnacle Turkey, Inc., a corporation organized pursuant to the laws of the British Virgin Islands and having a branch in the Republic of Turkey.

"**Q2 Financial Statements**" means the unaudited consolidated interim financial statements of Valeura as at June 30, 2012 and for the three and six months ended June 30, 2012 and 2011.

"**Q2 MD&A**" means the management's discussion and analysis of Valeura for the three and six months ended June 30, 2012 and 2011.

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval.

"**Subscription Receipts Offering**" means the issuance and sale, via private placement, of 265,384,350 subscription receipts of Valeura which closed on February 28, 2011.

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, each as amended.

"**TBNG**" means Thrace Basin Natural Gas Turkiye Corporation.

"**TBNG-PTI Acquisition**" means the acquisition with an affiliate of TransAtlantic Petroleum Ltd. to jointly acquire certain non-operated producing natural gas assets and lands in the Thrace Basin of the Republic of Turkey and other interests in exploration lands in the Anatolian Basin of the Republic of Turkey from TBNG and PTI.

"**Thrace Basin**" means an area of land in the Republic of Turkey west of Istanbul and extending to the Greek and Bulgarian borders.

"**TransAtlantic**" means TransAtlantic Petroleum Ltd., a corporation incorporated pursuant to the laws of Bermuda.

"**TransAtlantic farm-in**" means the farm-in pursuant to the farm-in agreement between Valeura and TransAtlantic executed in June 2011.

"**TSX**" means the Toronto Stock Exchange.

"**TSXV**" means the TSX Venture Exchange Inc.

"**Underwriters**" means, collectively, Cormark Securities Inc., National Bank Financial Inc., Canaccord Genuity Corp., FirstEnergy Capital Corp. and Jennings Capital Inc.

"**Underwriting Agreement**" means the underwriting agreement dated effective September 17, 2012 among Valeura and the Underwriters in respect of the Offering.

"**Valeura**" means Valeura Energy Inc.

ABBREVIATIONS AND CONVERSION

In this short form prospectus and in certain documents incorporated herein by reference, the abbreviations set forth below have the following meanings.

Oil and Natural Gas Liquids

bbl	barrel
Mbbl	thousand barrels
bbl/d	barrel per day
NGLs	natural gas liquids

Natural Gas

Mcf	thousand cubic feet
MMcf	million cubic feet
Mcf/d	thousand cubic feet per day
MMBtu	million British Thermal Units
Bcf	billion cubic feet
Bcf/d	Billion cubic feet per day

Other

AECO	a natural gas storage facility located at Suffield, Alberta
API	American Petroleum Institute
°API	an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28°API or higher s generally referred to as light crude oil.
BOE	barrel of oil equivalent on the basis of 1 BOE to 6 Mcf of natural gas. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 1 BOE for 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead
BOE/d	barrel of oil equivalent per day
BOTAS	Boru Hatlari ile Petrol Tasima Anonim Sirketi ("**BOTAS**") owns and operates the national crude oil pipeline grid and the national gas pipeline grid in the Republic of Turkey. BOTAS regularly posts natural gas prices and its Industrial Interruptible Tariff benchmark is shown herein as a reference price
M$	thousands of dollars
MM$	millions of dollars
TL/m^3	Turkish Lira per cubic metre
US$	U.S. dollars
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

Conversions

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units)

To convert from	To	Multiply by
Mcf	1,000 cubic metres of gas	0.028
1,000 cubic metres of gas	Mcf	35.493
bbl	cubic metres of oil	0.158
cubic metres of oil	bbl	6.290
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471

PRESENTATION OF FINANCIAL AND OIL AND GAS INFORMATION

Certain other terms used herein but not defined herein are defined in Canadian Securities Administrators Staff Notice 51-324 - *(Revised) Glossary to NI 51-101 Standards of Disclosure for Oil and Gas Activities*. All financial information in this short form prospectus, including the documents incorporated by reference herein, has been prepared in accordance with IFRS, except where otherwise indicated. Well rates referenced herein are not necessarily indicative of long term performance or ultimate recovery.

FORWARD-LOOKING STATEMENTS

This short form prospectus and the documents incorporated by reference herein contain certain forward-looking statements and forward-looking information (collectively referred to as "**forward-looking information**") under applicable securities legislation. Such forward-looking information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes, such as making investment decisions. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project" or similar words suggesting future outcomes or statements regarding an outlook. In particular, this short form prospectus and documents incorporated by reference herein contain forward-looking information pertaining to the following:

- use of net proceeds from the Offering, including the anticipated cost, timing, scope and size of Valeura's down spacing development project;
- the closing of the Offering and the timing thereof;
- Valeura's growth strategy;
- planned work programs, operations and development plans on Valeura lands in the Thrace Basin and Anatolian Basin in Turkey and the timing thereof;
- technical decision making, including interpretation of Valeura's frac program in the Thrace Basin;
- Valeura's "proof of concept program";
- the extent and timing of the frac program on the Thrace Basin lands, timing for tying-in production and expected production rates;
- Valeura's plans to develop resources and exploit opportunities by drilling deeper wells and applying modern drilling techniques and fracture stimulation technologies including multi-stage fracs and horizontal wells;
- the ability to achieve operational efficiencies;
- the estimated costs of studies, seismic, drilling and operations in the Republic of Turkey and expected capital expenditures;
- the ability to obtain necessary government and stock exchange approvals;
- the ability to execute and agree with partners on work programs (and the nature and extent of such work programs) in respect of all of the assets;
- the ability to convert resources to reserves in the future;
- volume and product mix of Valeura's oil and gas production;
- the amount and timing of future asset retirement obligations;
- future liquidity, creditworthiness and financial capacity;
- future interest rates;
- future results from operations and operating metrics;
- future development, exploration and other expenditures;
- future costs, expenses and royalty rates; and
- future transaction and operational plans and the timing associated therewith.

Statements relating to "reserves" or "resources" are deemed forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources can be profitably produced in the future. Specifically, forward-looking information contained herein regarding "reserves" and "resources" may include:

- volumes and estimated value of Valeura's oil and gas reserves; and
- the life of Valeura's reserves;

Forward-looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect. Although Valeura believes that the expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information because Valeura can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this short form prospectus and documents incorporated by reference herein, assumptions have been made regarding and are implicit in, among other things:

- matters relating to the Offering and the impact thereof on the capital of Valeura;
- the ability of Valeura to execute its strategy, and identify and close on any future acquisitions and farm-ins;
- the ability of Valeura to replace and expand oil and natural gas reserves through acquisition, exploitation, development and step-out exploration;
- the ability to reach agreements and avoid disputes with partners;
- the ability of Valeura to successfully manage the political and economic risks inherent in pursuing oil and gas opportunities in foreign countries;
- field production rates and decline rates;
- the ability of Valeura to secure adequate product transportation;
- the impact of increasing competition in or near Valeura's plays;
- the ability of Valeura to obtain qualified staff, equipment and services in a timely and cost efficient manner to develop its business and execute work programs;
- Valeura's and the operators' ability to operate the properties in a safe, efficient and effective manner;
- the timing and costs of pipeline, storage and facility construction and expansion;
- future oil and natural gas prices;
- currency, exchange and interest rates;
- the regulatory framework regarding royalties, taxes and environmental matters;
- the ability of Valeura to successfully market its oil and natural gas products;
- the state of the capital markets; and
- the ability of Valeura to obtain financing on acceptable terms.

Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.

Forward-looking information is based on management’s current expectations regarding future growth, results of operations, production, future commodity prices and foreign exchange rates, future capital and other expenditures (including the amount, nature and sources of funding thereof), plans for and results of drilling activity, environmental matters, business prospects and opportunities and future economic conditions. Forward-looking information with respect to Valeura's operations is also based on management's assumptions that the oil and gas regulatory framework and political situation in the Republic of Turkey will continue to be stable and operate in its current state, and that Valeura will obtain all necessary government and regulatory approvals to complete the activities described in this short form prospectus and documents incorporated by reference herein. The transfer of a working interest in the Bostanci Licence 4985 to Oando will be subject to GDPA approval.

Forward-looking information involves significant known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated. The material risk factors affecting Valeura and its business are similar to those of other companies engaged in the business of exploring for and producing oil and gas, both domestically and in foreign countries, and include, but are not limited to: risks in identifying and acquiring oil and gas interests on acceptable terms; financing risks; oil and gas industry technical and operational risks in development, exploration and production; the ability to attract and retain key personnel; the risks associated with international activity (including the uncertainty associated with negotiating with foreign governments and third parties located in foreign jurisdictions); delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty with respect to the ability to address technical drilling challenges and manage water produced with oil and gas; the uncertainty of geological interpretations; the uncertainty of estimates and projections relating to reserves, production, costs and expenses; the uncertainty regarding the sustainability of initial production rates and decline rates thereafter which can exceed 50% in the first year of production; the risk of commodity price and foreign exchange rate fluctuations; the risk of partners having different views on work programs and potential disputes; the risks associated with weather delays and natural disasters; and the risk that the required regulatory approvals will not be obtained for the acquisitions and transfers of working interests and for Valeura's proposed future activities. Accordingly, there can be no assurance that the actions to be undertaken by Valeura described herein will be completed as contemplated. See "*Risk Factors*" in this short form prospectus and the AIF and "*Business Risks and Uncertainties*" in the Q2 MD&A.

The forward-looking information contained in this short form prospectus and documents incorporated by reference herein is made as of the date hereof and Valeura undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. The forward-looking information contained herein is expressly qualified by this cautionary statement.

NON-IFRS MEASURES

In certain documents incorporated by reference herein, management of Valeura uses certain financial reporting measures commonly used in the oil and gas industry. The terms "operating netback" (petroleum and natural gas sales less royalties, production expenses and transportation costs) and "funds flow from operations" (net loss for the period adjusted for non-cash items) are not IFRS measures and do not have standardized meanings prescribed by IFRS. The closest IFRS measure to operating netback and funds flow from operations is net loss - see the reconciliation of these non-IFRS measures to net loss under "*Results of Operations*" in the Q2 MD&A. Valeura uses these supplemental non-IFRS measures to assist in evaluating operating performance.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents of Valeura are filed with the various securities commissions or similar authorities in the provinces of British Columbia, Alberta, Saskatchewan and Ontario and are specifically incorporated by reference into and form an integral part of this short form prospectus:

- the AIF;
- the Annual Financial Statements;
- the Annual MD&A
- the Q2 Financial Statements;
- the Q2 MD&A;
- the 2011 Information Circular;
- the 2012 Information Circular;
- the Business Acquisition Report; and
- the material change report of Valeura dated March 29, 2012.

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, including any annual information form, annual financial statements and the auditors' report thereon, interim financial statements, management's discussion and analysis of financial conditions and results of operations, material change report (except a confidential material change report), business acquisition report and information circular, filed by Valeura with the securities commissions or similar authorities in Canada subsequent to the date of this short form prospectus and before the termination of the distribution are deemed to be incorporated by reference in this short form prospectus.

Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained in this short form prospectus or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference into this short form prospectus modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this short form prospectus.

Information contained or otherwise accessed through Valeura's website, www.valeuraenergy.com or any website, other than those documents specifically incorporated by reference herein and filed on SEDAR at www.sedar.com, does not form part of this short form prospectus.

VALEURA ENERGY INC.

General

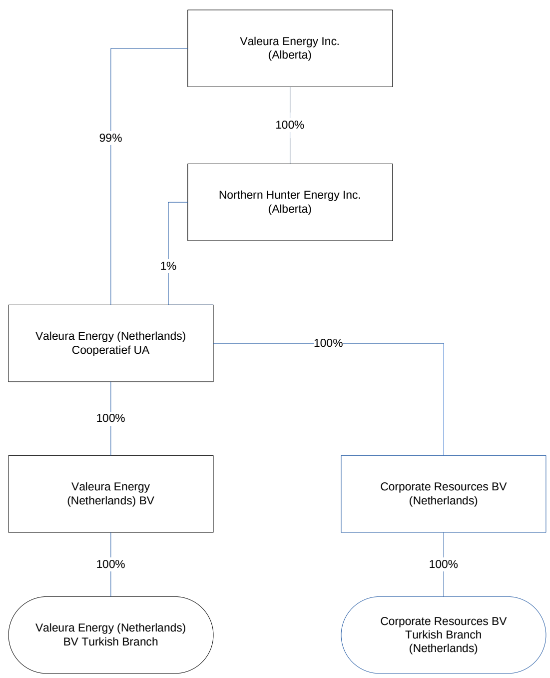
Valeura evolved from two predecessor companies operating in Canada: PanWestern Energy Inc. ("**PanWestern**"), a public company that was listed on the TSXV, and Northern Hunter Energy Inc. ("**Northern Hunter**"), a private oil and gas company. PanWestern was originally incorporated under the ABCA on June 7, 2000 under the name "Sasha Corp". Northern Hunter was incorporated under the ABCA on September 1, 2006.

On April 9, 2010, PanWestern and Northern Hunter completed a plan of arrangement (the "**Arrangement**") under the ABCA whereby PanWestern acquired all of the assets and liabilities of Northern Hunter. Because the shareholders of Northern Hunter acquired more than 50% of the shares in the merged entity, the transaction was accounted for as a reverse take-over whereby Northern Hunter was considered the acquirer for accounting purposes. Subsequent to completion of the Arrangement, PanWestern filed articles of amendment on June 29, 2010 to change its name to Valeura Energy Inc., as approved at PanWestern's annual and special meeting of shareholders on June 29, 2010.

The head office of Valeura is located at Suite 1200, 202 – 6th Avenue SW, Calgary, Alberta, T2P 2R9 and its registered and records office is located at Suite 3700, 400 – 3 Avenue SW, Calgary, Alberta, T2P 4H2.

Organizational Structure of Valeura

The following diagram describes: the inter-corporate relationships among Valeura and each of its material subsidiaries as at the date hereof; where each principal subsidiary was incorporated; and the percentage of votes attaching to all voting securities of each subsidiary beneficially owned by Valeura and held by such subsidiaries:



Description of the Business

Valeura is a Canada-based public company engaged in the exploration, development and production of petroleum and natural gas in the Republic of Turkey and Western Canada. Valeura is focused on continuing to grow internationally in the Republic of Turkey and other selected countries in the Mediterranean Basin, Central Europe and MENA Region. Valeura's Canadian operations include small, non-strategic legacy assets that may be sold as market conditions permit.

Valeura has adopted an international growth strategy with the following key elements: (i) target creation of a large global exploration and production company in 5-7 years; and (ii) build an exploration and development portfolio in 1 or 2 regions of the world (the prime area of interest is in the Mediterranean Basin, Central Europe and the MENA Region, but Valeura may pursue opportunities in other regions that meet certain screening criteria).

Valeura has completed six transactions in the Republic of Turkey since September 2010 and acquired producing oil and gas assets and a large land position through twenty-four production leases and exploration licences covering approximately 2.3 million gross acres (0.94 million net acres) in the Thrace Basin and Anatolian Basin, which are expected by management of Valeura to provide opportunities for growth in reserves and production.

Potential Acquisitions and Financings

Valeura also continues to evaluate potential acquisitions of all types of petroleum and natural gas and other energy-related assets and/or companies as part of its ongoing acquisition program. Valeura is normally in the process of evaluating a number of potential acquisitions at any one time which individually or together could be material. Valeura cannot predict whether any current or future opportunities will result in one or more acquisitions by Valeura. In addition to the Offering, Valeura may in the future, complete financings of equity or debt (which may be convertible into equity) for purposes that may include financing of acquisitions, Valeura's operations and capital expenditures and repayment of indebtedness.

Significant Acquisitions

There are no acquisitions that Valeura has completed within 75 days prior to the date of this short form prospectus that is a significant acquisition for the purposes of Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations* ("**NI 51-102**"). In addition, there are no proposed acquisitions that have progressed to a state where a reasonable person would believe that the likelihood of the acquisition being completed is high and would be a significant acquisition for the purposes of Part 8 of NI 51-102 if completed as of the date hereof.

RECENT DEVELOPMENTS

Valeura's operations are focused on two areas in the Republic of Turkey, the Thrace Basin and the Anatolian Basin. As further detailed below, Valeura is currently targeting three key objectives in these areas:

- Evaluating the potential of the tight gas play in the Thrace Basin;
- Continuing to optimize its shallow gas assets in the Thrace Basin; and
- Fulfilling exploration-focused work programs on farm-in acreage in the Thrace Basin (gas targets) and in the Anatolian Basin (oil targets).

Valeura's latest outlook for capital expenditures in 2012 is approximately $30 million to $35 million, almost all of which is directed to the Corporation's interests in Turkey.

Thrace Basin

Valeura's assets in the Thrace Basin in northwest Turkey currently consist of interests in 16 production leases and exploration licences which were acquired through a series of transactions, including asset acquisitions and farm-ins. These lands encompass approximately 1.3 million gross acres (0.6 million net acres).

Valeura's production in the Thrace Basin consists primarily of conventional natural gas production from shallow reservoirs at depths from approximately 500 to 1,500 metres. To date, wells in these shallow reservoirs typically exhibit relatively high initial rates, but decline at more than 50% in their first year of production. More than 85% of Valeura's corporate production is natural gas from lands acquired in the TBNG-PTI Acquisition and another 10% is natural gas from lands acquired in the Edirne Acquisition. Valeura intends to pursue additional shallow gas exploration and production in the Thrace Basin utilizing more extensive 2D and 3D seismic and optimization of the existing operations through more effective management of associated water production.

Valeura is evaluating the potential of an unconventional tight gas play in the Thrace Basin through the application of modern fracture stimulation ("**frac**") technology and deeper drilling into tight gas sandstone reservoirs located below the existing shallow gas producing reservoirs.

Conventional Shallow Gas

In the second quarter of 2012, gross production from the TBNG-PTI lands averaged 17.0 MMcf/d (6.8 MMcf/d net) at an average wellhead price realization of $9.35 per Mcf. Valeura has spudded eight shallow gas wells to date in 2012 of which three wells are currently on production, three wells are in various stages of completion, tie-in and testing, one well was plugged and abandoned and one well was being drilled. The three producing wells had an aggregate initial seven-day rate of 4.9 MMcf/d (gross). Valeura also completed 26 workovers on existing wells which delivered an aggregate initial seven-day rate of approximately 7.2 MMcf/d (gross).

Valeura plans to drill between eight and twelve shallow gas wells in 2012 on the TBNG-PTI lands and complete up to 32 workovers.

Unconventional Tight Gas

Valeura has adopted a five-phase "proof-of-concept program" to evaluate the potential of its unconventional tight gas play in the Thrace Basin as described below.

Phase 1 Recompletion Fracs (750 to 2,000 metres)

Since July 2011, Valeura has fracked 23 existing vertical wells on the TBNG-PTI lands in tight gas reservoirs in the Mezardere, Teslimkoy and Kesan formations (eight wells in the second half of 2011 and 15 wells to date in 2012). These reservoirs typically do not flow at commercial rates without fracture stimulation. Most of these fracs have been single-stage fracs and have provided and continue to provide critical information with respect to frac design and reservoir performance. Valeura expects to frac up to a total of 18 existing wells in 2012.

Frac results to date are summarized in the table below, including the 23 existing wells and 5 new wells (see below) that have been fracked since July 2011. Although well performance history is limited, Valeura management believes the fracked wells will exhibit relatively high decline rates at more than 50% in their first year of production. *The rates shown are not necessarily indicative of long term performance or ultimate recovery.*

2011 - 2012 FRAC RESULTS

Well	Frac Date (d/m/y)	Net Pay (1) (m)	Porosity (1) (%)	Peak 24-Hour On-stream Rate (MMcf/d) (2) (3)	Initial 7-Day Average On-stream Rate (MMcf/d) (2) (3)	Initial 30-Day Average On-stream Rate (MMcf/d) (2) (3)	Cumulative Production To Sept 16, 2012 (MMcf) (3)
Yazir-2; 1st stage	18/07/2011	2	10	0.1(12)	0.1(12)	-	2(12)
Yazir-2; 2nd stage	1/08/2011	15	10				
Kayi-15	30/09/2011	29	12	0.6	0.5	0.5	71
BTD-2	3/10/2011	8	13	4.3	3.3	2.6	545
Aydede-2	22/11/2011	4	16	2.2	1.4	0.8	71
DTD-7	28/11/2011	11	12	0.2	0.1	0.1	23
Kayi-14	7/12/2011	13	13	5.0	3.7	3.2	281
Dogu Yagci-1	12/12/2011	7	13	2.0	1.5	1.3	94
Aydede-1	14/12/2011	8	13	0.9	0.7	0.4	57
DTD-11	7/01/2012	3	13	1.1	0.8	0.6	69
Karya Derin-1 (4)	4/02/2012	11	14	0.1	NA	NA	NA
TDR-5 (2-stage)	11/02/2012	13	13	3.0	2.1	1.5	95
Senova-1 (5)	15/02/2012	13	19	0.2	NA	NA	2
Kuzey Kayi-2	19/02/2012	10	12	0.7	0.6	0.3	17
DTD-10	09/03/2012	5	11	0.2	0.2	0.1	10
Kayi-12	19/03/2012	7	14	0.3	0.2	0.2	19
BTD-1 (6)	21/03/2012	4	12	-	NA	NA	NA
TDR-4	24/03/2012	6	18	1.6	1.2	1.0	109
DTD-4	28/03/2012	8	12	0.3	0.2	0.1	8
Sulemaniye-2 (7)	9/05/2012	1	10	0.3	NA	NA	NA
Dogu Karya-1 (8)	22/05/2012	1	10	0.1	0.04	NA	0.4
TDR-8(13)	29/05/2012	2	10	0	0	0	0
Kayi-7	13/06/2012	7	16	0.4	0.4	0.3	16
Guney Kayi-1 (9)	20/06/2012	15	12	0.6	0.4	0.4	22
DTD-1	11/07/2012	15	14	NA	NA	NA	0
TDR-8(13)	16/07/2012	4	13	0.3	0.2	0.1	3
Koseilyas-1	19/07/2012	9	12	0.9	0.7	0.4	16
BTD-3 (10)	02/08/2012	NA	NA	1.3	0.8	NA	9
TDR-2 (11)	18/08/2012	7	10	NA	NA	NA	7

(1) Net pay and porosity based on preliminary cutoffs: ≥ 9% porosity; ≤ 60% water saturation; ≤ 35% clay content.
(2) These rates are not necessarily indicative of long term performance or ultimate recovery.
(3) All natural gas rates and volumes are presented net of any load fluids.
(4) Frac'd into a water zone; well is not tied into the gathering system.
(5) Frac test to extend licence term; well is not tied into the gathering system. Small volumes represent compressed natural gas sales.
(6) No gas flow after frac; well is not tied into the gathering system.
(7) Exploratory well spudded in December 2011; two-stage frac; deep target frac'd into a water zone ; well is not tied into the gathering system.
(8) Exploratory well; deep target frac'd into a water zone.
(9) Three-stage frac.
(10) "Slick water" frac into a naturally fractured interval in the Kesan at a depth of 2,475 metres. Effective net pay and porosity are undetermined at this time.
(11) "Slick water" frac.
(12) Yazir-2 1st and 2nd stage frac production is comingled.
(13) TDR-8 interval fracked on May 29, 2012 was interpreted as low productivity and that interval was abandoned. A separate interval was fracked on July 16, 2012.

Phase 2 Drill and Fracs (1,500 to 3,755 metres)

In 2012, Valeura has been advancing a program to drill new vertical wells into the tight gas reservoirs down to a depth of approximately 3,755 metres in areas covered by 413 square kilometres of new 3D seismic acquired in the second half of 2011. To date in 2012, Valeura has spudded eight deep wells of which seven are cased as potential gas wells and are in various stages of completion, tie-in and testing, and one well is drilling. Five of these wells have been fracked to date including a three-stage frac on the Guney Kayi-1 well and a two-stage frac on the Sulemaniye-2 well. Valeura expects to drill between 11 and 14 deep wells in 2012 and has budgeted at least a single stage frac for each.

Based on results to date from the frac program and extensive core analysis work on full diameter and sidewall cores taken in the Baglik-1 well, management of Valeura believes that tight gas reservoirs tested to date may generally behave in a more conventional manner and exhibit water production in association with gas production. As a consequence, a more extensive water management strategy is being implemented on the TBNG-PTI lands utilizing various forms of conventional pumping equipment to lift water from the wellbore and surface equipment to separate, recycle (for frac operations) and dispose of produced water.

Phase 3 Multi-Stage Fracs in Vertical Wells

Valeura expects that multi-stage fracs may replace the single-stage fracs as the "proof-of-concept program" evolves in late 2012 and 2013. To date in 2012, two multi-stage fracs have been completed (see above).

Phase 4 Multi-Stage Fracs in Horizontal Wells

Valeura believes there may be potential in some tight gas reservoirs to utilize horizontal drilling and multi-stage fracs in horizontal wells. Valeura is reviewing potential candidate locations for such a test well targeted for 2013.

Phase 5 Explore for Potential Pervasive Gas

As a final phase, Valeura may pursue exploration for gas trapped in a more pervasive manner outside simple anticlinal or fault-controlled structural traps. The new 3D seismic acquired in 2011 is expected to assist in exploring for potential stratigraphic traps in 2013.

Anatolian Basin

Valeura's assets in the Anatolian Basin in southeast Turkey currently consist of interests in eight exploration licences acquired through a series of transactions, including farm-ins and new licence awards through an application process. These lands encompass approximately 1.0 million gross acres (0.4 million net acres). In June 2012, Valeura was awarded two new exploration licences (4985 and 5052) at Bostanci and Karakilise. Each licence requires the drilling of one well within the first year under new licencing requirements.

Bostanci Area

The new Bostanci Licence 4985 at the juncture of the Syrian and northern Iraq borders covers an area of 123,051 gross acres (61,526 net acres) and is subject to a pre-bidding arrangement whereby Oando has a right (subject to GDPA approval) to a 50% participating interest in the licence. Valeura retains a 50% interest and operatorship of the licence.

Valeura had previously acquired 60 kilometres of 2D seismic over the Bostanci licence in January 2011 and had spudded the Bostanci-1 exploration well in late April 2011 but was required to suspend the well at a depth of 508 metres upon the cancellation of the licences due to the failure to meet the district drilling requirements. Valeura immediately reapplied for one of the cancelled licences encompassed by the new Bostanci Licence 4985 and was awarded this licence in June 2012.

Valeura is currently updating its assessment of the Bostanci licence and drilling logistics and costs, including the potential to re-enter the Bostanci-1 well. The potential target for exploration may be oil in the Cretaceous Mardin Group (approximately 3,300 metres depth) and potentially in deeper Jurassic and Triassic formations, subject to further technical review. In terms of industry activity in the area, GYP is currently drilling a well immediately east of the Bostanci licence which spudded in mid-August 2012.

Karakilise Area

The new Karakilise Licence 5052 covers an area of 122,965 acres and is held on a 100% basis. The licence is contiguous with Licences 2674 and 2677 in which Valeura holds a 27.5% interest (operated by GYP). Valeura currently anticipates targeting oil in the Mardin Group, Dadas Shale and Bedinan Formations.

In February 2012, Valeura completed a deepening operation at the Altinakar-1 well in Licence 2674 to a depth of 2,418 metres to test the Bedinan Formation. The well found light oil in a sandstone reservoir in the Bedinan Formation and was put on production at a rate of 10 to 13 barrels of oil per day (gross) at a water cut of 50 to 60%. In early September 2012, the Bedinan Formation in the Altinakar-1 well was fracked and is currently being tested.

Gaziantep Area

In July 2012, Valeura completed a 414 metre horizontal sidetrack in the Alibey-1 well on Licence 4607 (Valeura 26% interest) in the Gaziantep area aimed at improving productivity from a Mardin Group heavy oil discovery in the original well. Licence 4607 covers an area of 123,372 gross acres (32,077 net acres). Approximately 80 metres of horizontal porous section has been identified on logs with extensive natural fracturing throughout the horizontal section. The sidetrack, which is at a true vertical depth of approximately 1,868 metres, has been cased with a 4.5 inch liner and a completion program is being developed. To management's knowledge, this well is one of the few horizontal wells drilled Turkey and is expected by management to improve Valeura's technical knowledge base and capability to potentially achieve operational efficiencies in the Anatolian Basin.

For further information on Valeura and its business activities, see the AIF, which is incorporated by reference herein.

DESCRIPTION OF SHARE CAPITAL

General

Valeura is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares (the "**Preferred Shares**"). As of October 1, 2012, there were 46,406,135 Common Shares and nil Preferred Shares issued and outstanding.

At Valeura's annual and special meeting of shareholders held on June 15, 2011, shareholders approved the Consolidation. The Consolidation was subsequently approved by the TSXV and occurred contemporaneously with Valeura's graduation from the TSXV to the TSX.

The following is a summary of the rights, privileges, restrictions and conditions attaching to the Common Shares and the Preferred Shares.

Common Shares

The holders of the Common Shares are entitled to dividends, if, as and when declared by the board of directors of Valeura (the "**Board**"), to one vote per share at meetings of the shareholders and, upon liquidation, to receive such assets of Valeura as are distributable to the holders of the Common Shares.

Preferred Shares

Valeura is authorized to issue an unlimited number of Preferred Shares, issuable in series. Each series of Preferred Shares will have such designations, rights, privileges, restrictions and conditions as the Board may from time to time determine before issuance. The holders of each series of Preferred Shares will be entitled, in priority to holders of Common Shares, to be paid rateably with holders of each other series of Preferred Shares the amount of dividends, if any, specified as being payable preferentially to the holders of such series and, upon liquidation, dissolution or winding-up of Valeura, in priority to holders of Common Shares, to be paid rateably with holders of each other series of Preferred Shares the amount, if any, specified as being payable preferentially to holders of such series.

CAPITALIZATION OF VALEURA

The following table sets forth the capitalization of Valeura as at June 30, 2012, before and after giving effect to the Offering. This table should be read in conjunction with the Q2 Financial Statements and Q2 MD&A, which have been incorporated by reference in this short form prospectus.

	Authorized	As at June 30, 2012 before giving effect to the Offering(2)(3)(4)	As at June 30, 2012 after giving effect to the Offering(1)
Common Shares(2)(3)(4)	unlimited	$122,058,684 (46,406,135 Common Shares)	$136,111,684 (57,906,135 Common Shares)
Preferred Shares	unlimited	$Nil (Nil Preferred Shares)	$Nil (Nil Preferred Shares)

Notes:

(1) Without giving effect to the exercise of the Over-allotment Option, based on the issuance of 11,500,000 Offered Shares pursuant to the Offering for gross proceeds of $14,950,000 less the Underwriters' fee of $897,000 but prior to the deduction of the expenses of the Offering, estimated to be approximately $225,000 and excludes the tax effect of share issue costs.

(2) As at June 30, 2012, Valeura had 3,259,000 options ("**Options**") outstanding pursuant to Valeura's existing stock option plan ("**Option Plan**"). The options are exercisable into Common Shares at exercise prices ranging from $2.00-$3.65 per Common Share, have a 7 year term and vest over 3 years.

(3) As at June 30, 2012, Valeura had 2,796,750 performance warrants issued and outstanding. Each performance warrant entitles the holder thereof to acquire one Common Share at a price of $2.00 per Common Share.

(4) As at June 30, 2012, Valeura had 132,692,175 Financing Warrants issued and outstanding. The holders of the Financing Warrants are entitled to exchange ten Financing Warrants to acquire one Common Share at a price of $5.50 per Common Share.

TRADING PRICE AND VOLUME

The Common Shares are listed and posted for trading on the TSX under the symbol "VLE". The following table sets forth the price ranges and volume traded of Common Shares as reported by the TSX for the periods indicated.

Period	High	Low	Volume(1)
2011			
October	$1.94	$1.20	1,959,176
November	$1.80	$1.49	977,404
December	$1.74	$1.21	2,697,755
2012			
January	$2.70	$1.54	4,227,671
February	$2.89	$2.15	5,140,251
March	$2.20	$1.83	4,224,898
April	$2.06	$1.62	1,337,314
May	$2.11	$1.32	1,519,931
June	$1.82	$1.18	1,247,191
July	$1.68	$1.40	725,071
August	$1.60	$1.30	481,751
September	$1.44	$1.20	1,769,655

Notes:

(1) Post-Consolidation basis

On September 14, 2012, the last trading day on the TSX prior to the announcement of the Offering, the closing price of the Common Shares on the TSX was $1.44 per Common Share and on October 1, 2012, the last trading day prior to the filing of this short form prospectus, the closing price of the Common Shares on the TSX was $1.25.

PRIOR SALES

Valeura has not issued or sold any Common Shares or securities convertible into Common Shares during the 12 months prior to the date hereof other than as set forth below.

Date of Issue/Grant	Number and Designation of Securities	Issue/Exercise Price
March 26, 2012	943,139 Options	$2.10
August 20, 2012	120,000 Options	$1.46

USE OF PROCEEDS

The net proceeds to Valeura from the sale of the Offered Shares hereunder are estimated to be $14,053,000 after deducting the Underwriters' fee of $897,000 but prior to the deduction of the expenses of the Offering, estimated to be $225,000. If the Over-allotment Option is exercised in full, the net proceeds to Valeura will be $16,160,950 after deducting the Underwriters' fee of $1,031,550 but prior to the deduction of the expenses of the Offering, estimated to be $225,000. See "*Plan of Distribution*".

Valeura intends to use the net proceeds from the Offering to fund Valeura's capital program, including continued field development and exploration operations in the Republic of Turkey and for general corporate purposes. In particular, it is expected that the net proceeds of this Offering will be used to finance a down spacing development pilot project to drill 8 to 14 wells, depending on success, in the Tekirdag area in the Thrace Basin for an estimated cost of $8 million to $14 million. This pilot project is expected to commence in late 2012 or early 2013, subject to achieving satisfactory results from its current drilling and completions program related to the tight gas play in the Thrace Basin and obtaining required partner, board and regulatory approvals. The capital program for 2013 and the use of any remaining proceeds from the Offering will be allocated after the assessment and evaluation of the results of the 2012 capital program.

Valeura expects that the use of proceeds from the Offering will advance its overall business strategy. Other than obtaining the required approvals to advance its capital program, no significant event needs to occur for Valeura to achieve its business objectives, which remain subject to the normal risks and uncertainties that prevail in the oil and gas industry. See "*Forward-Looking Statements*" and "*Risk Factors*".

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement Valeura has agreed to issue and sell an aggregate of 11,500,000 Offered Shares to the Underwriters and the Underwriters have severally, and not jointly or jointly and severally, agreed to purchase such Offered Shares at a price of $1.30 per Offered Share on the Closing Date, subject to compliance with all necessary legal requirements and terms and conditions of the Underwriting Agreement. The Underwriting Agreement provides that Valeura will pay the Underwriters a fee of $0.078 per Offered Share for an aggregate fee payable by Valeura of $897,000, in consideration for the Underwriters' services in connection with the Offering. The terms of the Offering were determined by negotiation between Valeura and the Lead Underwriter on its own behalf and on behalf of the other Underwriters.

The Underwriters propose to offer the Offered Shares initially at the offering price specified above. After the Underwriters have made a reasonable effort to sell the Offered Shares at the price specified above, the Underwriters may subsequently reduce the price at which the Offered Shares are offered to subscribers in order to sell any Offered Shares remaining unsold. In the event the offering price of the Offered Shares is reduced, the compensation received by the Underwriters will be decreased by the amount the aggregate price paid by the subscribers for the Offered Shares is less than the gross proceeds paid by the Underwriters to Valeura for the Offered Shares. Any such reduction shall not reduce the proceeds received by Valeura.

Valeura has granted to the Underwriters the Over-allotment Option under which the Underwriters may offer for sale up to an additional 1,725,000 Offered Shares at a price of $1.30 per Offered Share on the same terms and conditions as the Offering. The Over-allotment Option is exercisable, in whole or in part, at the discretion of the Underwriters, at any time and from time to time until and including 30 days following the Closing Date, for purposes of covering the Underwriters' over-allocation position. A purchaser who acquires Offered Shares forming part of the Over-allotment Option acquires those Offered Shares under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-allotment Option or secondary market purchases. If the Over-allotment Option is exercised in full, the total Offering, Underwriters' fee and net proceeds to Valeura (before expenses of the Offering) will be $17,192,500, $1,031,550 and $16,160,950, respectively. This short form prospectus also qualifies for distribution the grant of the Over-allotment Option and the issuance of Offered Shares pursuant to the exercise of the Over-allotment Option.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint or joint and several and may be terminated upon the occurrence of certain stated events. If an Underwriter fails to purchase the Offered Shares which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase such Offered Shares, unless the number of Offered Shares which one or more of the Underwriters fails to purchase represents not more than 7.5% of the total number of Offered Shares being offered, in which case the remaining Underwriters are obligated to purchase such Offered Shares on a *pro rata* basis. The Underwriters are, however, obligated to take-up and pay for all Offered Shares if any are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that Valeura will indemnify the Underwriters and their directors, officers, agents, affiliates and employees against certain liabilities and expenses.

Pursuant to applicable securities legislation, the Underwriters may not, throughout the period of distribution under this short form prospectus, bid for or purchase Common Shares. The foregoing restriction is subject to exceptions, provided the bid or purchase is not engaged in for the purpose of creating actual or apparent trading in, or raising the price of, the Common Shares. These exceptions include a bid or purchase permitted by the by-laws and rules of the TSX relating to market stabilization and passive market-making activities. In connection with the Offering, and subject to the foregoing, the

Underwriters may effect transactions which stabilize or maintain the market price of the Common Shares at levels above those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

Subscriptions for Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without prior notice.

Except in limited circumstances, the Offered Shares will be issued and deposited in electronic form with CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee pursuant to the book-entry only system. Accordingly, an investor will receive only a customer confirmation from the Underwriters or other registered dealers who are CDS participants and from or through whom a beneficial interest in the Offered Shares is acquired.

The TSX has conditionally approved the listing of the Offered Shares. Listing on the TSX of the Offered Shares is subject to Valeura fulfilling all of the listing requirements of the TSX on or before December 20, 2012.

Valeura has agreed with the Underwriters that it will not, directly or indirectly, for the period ending 90 days after the Closing Date, without the prior consent of the Lead Underwriter, offer, or announce the offering of, or make any agreement to issue any additional Common Shares or securities convertible or exercisable into Common Shares (other than for purposes of the Option Plan).

The Offered Shares have not been and will not be registered under the U.S. Securities Act or securities laws of any state of the United States (as such term is defined in Regulation S under the U.S. Securities Act), and accordingly, may not be offered, sold or delivered, directly or indirectly, within the United States, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. In connection with the Offering, the Underwriters, acting through their United States registered broker-dealer affiliates, may (i) offer and sell Offered Shares to "qualified institutional buyers" (within the meaning of Rule 144A under the U.S. Securities Act ("**Rule 144A**")) provided that such offers and sales are made in accordance with Rule 144A and similar exemptions under applicable state securities laws, and (ii) arrange for institutional "accredited investors" (within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the U.S. Securities Act ("**Regulation D**")), to purchase Offered Shares directly from Valeura provided that such offers and sales are made in accordance with Rule 506 of Regulation D and similar exemptions under applicable state securities laws. Moreover, the Underwriting Agreement provides that the Underwriters will offer and sell the Offered Shares offered hereby outside the United States only in accordance with Rule 903 of Regulation S under the U.S. Securities Act. This short form prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any Offered Shares within the United States.

In addition, until 40 days after the commencement of the Offering, any offer or sale of Offered Shares offered hereby within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act, if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act.

ELIGIBILITY FOR INVESTMENT

In the opinion of Norton Rose Canada LLP, counsel to Valeura, and Torys LLP, counsel to the Underwriters, provided the Common Shares are listed on a designated stock exchange (which includes the TSXV) the Common Shares will be qualified investments under the Tax Act for trusts governed by a registered retirement savings plan (a "**RRSP**"), a registered retirement income fund ("**RRIF**"), a registered education savings plan, a deferred profit sharing plan, a registered disability savings plan and a tax-free savings account ("**TFSA**").

However, the holder of a trust governed by a TFSA or the annuitant under a RRSP or RRIF that holds Common Shares will be subject to a penalty tax if such Common Shares are a "prohibited investment" for the purposes of the Tax Act. Common Shares will generally be a "prohibited investment" if the holder or the annuitant, as the case may be, does not deal at arm's length with Valeura for the purposes of the Tax Act or the holder or the annuitant, as the case may be, has a "significant interest" (within the meaning of the Tax Act) in Valeura or a corporation, partnership or trust with which Valeura does not deal at arm's length for the purposes of the Tax Act.

The Department of Finance (Canada) has announced that it intends to recommend changes to the prohibited investment rules, however draft legislation to implement these changes has not been released.

Prospective holders should consult their own tax advisors regarding their particular circumstances.

RISK FACTORS

An investment in the Offered Shares is speculative and involves a high degree of risk. Valeura's business is subject to the risks normally encountered in the oil and natural gas industry such as the marketability of, and prices for, oil and natural gas, competition with companies having greater resources, acquisition, exploration and production risks, need for capital, fluctuations in the market price and demand for oil and natural gas, the regulation of the oil and natural gas industry by various levels of government and public protests. The success of further exploration or development projects cannot be assured. In addition, Valeura's operations are primarily outside of Canada and are subject to risks arising from political instability, foreign exchange and foreign regulatory regimes. Purchasers must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of Valeura.

Risk factors relating to Valeura are discussed in the AIF, the Annual MD&A and the 2012 Information Circular, each of which are incorporated by reference in this short form prospectus. These risk factors, together with all of the other information included or incorporated by reference in this short form prospectus, should be carefully reviewed and considered before a decision is made to invest in the securities offered hereunder. Such risks may not be the only risks facing Valeura. Additional risks not currently known may also negatively impact Valeura's business operations and results of operation. In addition to such risk factors, investors should consider the following additional risks.

Volatility of Market Price of Common Shares

The market price of the Common Shares may be volatile. The volatility may affect the ability of shareholders to sell the Common Shares at an advantageous price. Market price fluctuations in the Common Shares may be due to Valeura's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by Valeura or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "*Forward-Looking Statements*" in this short form prospectus. In addition, the market price for securities in the stock markets, including the TSX, recently experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market price of the Common Shares.

Valeura May Use the Proceeds of the Offering for Purposes Other Than Those Set Out in this Short Form Prospectus

Valeura currently intends on allocating the net proceeds received from the Offering as described under the heading "*Use of Proceeds*" in this short form prospectus. However, management will have the discretion in the actual application of the proceeds, and may elect to allocate proceeds differently from that described under the heading "*Use of Proceeds*" herein if it believes that it would be in the best interests of Valeura to do so if circumstances change. The failure by management to apply these funds effectively could have a material adverse effect on the business of Valeura.

Forward-Looking Statements May Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties are found in this short form prospectus under the heading "*Forward-Looking Statements*".

INTEREST OF EXPERTS

Certain legal matters relating to the Offering will be passed upon by Norton Rose Canada LLP on behalf of Valeura and Torys LLP on behalf of the Underwriters. As of the date hereof, each of Norton Rose Canada LLP and Torys LLP and their designated professionals, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding securities of Valeura and its associates and affiliates. Ms. Stephanie Stimpson, a partner of Norton Rose Canada LLP, is the Corporate Secretary of Valeura.

KPMG LLP, the auditors of Valeura, has confirmed that it is independent with respect to Valeura within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

Reserves estimates contained in certain documents incorporated by reference in this short form prospectus are derived from reports prepared by DeGolyer and MacNaughton ("**D&M**"), with respect to the reserves of Valeura in the Republic of

Turkey. As of the date hereof, to the knowledge of Valeura, neither D&M nor its officers beneficially own, directly or indirectly, any of the securities of Valeura.

Reserves estimates contained in certain documents incorporated by reference in this short form prospectus are derived from reports prepared by GLJ Petroleum Consultants Ltd. ("**GLJ**"), with respect to the reserves of Valeura in Canada. As of the date hereof, to the knowledge of Valeura, neither GLJ nor its officers beneficially own, directly or indirectly, any of the securities of Valeura.

PURCHASERS STATUTORY RIGHTS

Securities legislation in several of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

AUDITORS' CONSENT

The Board of Directors of Valeura Energy Inc.:

We have read the short form prospectus dated October 2, 2012 relating to the qualification for distribution of common shares of Valeura Energy Inc. (the "Company"). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the shareholders of the Company on the consolidated financial statements of the Company, which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended December 31, 2011 and December 31, 2010, and notes, comprising a summary of significant accounting policies and other explanatory information. Our report is dated March 21, 2012.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the directors of the Company on the 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. Our report is dated August 22, 2011.

(signed) "*KPMG LLP*"

Chartered Accountants
October 2, 2012
Calgary, Canada

CERTIFICATE OF VALEURA

Dated: October 2, 2012

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in the provinces of British Columbia, Alberta, Saskatchewan and Ontario.

(signed) "*James D. McFarland*" President and Chief Executive Officer	(signed) "*Stephen E. Bjornson*" Chief Financial Officer

On behalf of the Board of Directors

(signed) "*William T. Fanagan*" Director	(signed) "*Claudio A. Ghersinich*" Director

CERTIFICATE OF THE UNDERWRITERS

Dated: October 2, 2012

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the provinces of British Columbia, Alberta, Saskatchewan and Ontario.

CORMARK SECURITIES INC.

(signed) "*Chris Burchell*"

NATIONAL BANK FINANCIAL INC.

(signed) "*Tom MacInnis*"

CANACCORD GENUITY CORP.

(signed) "*Bruce McDonald*"

FIRSTENERGY CAPITAL CORP.

(signed) "*Nicholas J. Johnson*"

JENNINGS CAPITAL INC.

(signed) "*David McGorman*"