Press Release – May 10, 2017

VALEURA ANNOUNCES FIRST QUARTER 2017 FINANCIAL AND OPERATING RESULTS, COMPLETION OF TRANSFORMATIONAL TRANSACTIONS AND IMMINENT START OF DEEP DRILLING OPERATIONS

Valeura Energy Inc. ("**Valeura**" or the "**Corporation**") (TSX: VLE) is pleased to report highlights of its unaudited financial and operating results for the three month period ended March 31, 2017, completion of a series of transformational transactions and an imminent start of deep drilling operations. The complete quarterly reporting package for the Corporation, including the unaudited financial statements and associated management's discussion and analysis ("**MD&A**"), has been filed on SEDAR at www.sedar.com and posted on the Corporation's website at www.valeuraenergy.com.

"We are very proud of our success in closing a complex series of transactions in the first quarter", said Jim McFarland, President and Chief Executive Officer. "These transactions have reset the business and positioned us with the operational control and financial capacity to move forward with a new growth plan for the Corporation focused on our shallow gas base business and exploration for a potential high impact, basin-centered gas play in the Thrace Basin.

"In our shallow gas business, our efforts have now shifted to operational execution. Our target is to maintain a continuous drilling program underpinned by a relentless focus on safe operations, production growth, improved capital efficiency and reduced unit operating costs and G&A. We expect to shortly spud the second well in our planned shallow gas drilling program in 2017 before the end of May under a new multi-well drilling contract.

"At Banarli, I am delighted to report that commencement of drilling is imminent at Yamalik-1, the first deep exploration well under the Banarli Farm-in with our partner Statoil", adds McFarland.

Q1 2017 RESULTS AND SUBSEQUENT DEVELOPMENTS AT A GLANCE

- **Four transformational transactions closed in Q1: Banarli Farm-in; West Thrace Deep Rights Sale; subscription receipts financing; and TBNG Acquisition**
- **Net sales 807 boe/d**
- **Funds flow used in operations $2.9 million**
- **Working capital surplus $7.5 million**
- **Natural gas price realization $7.06/Mcf**
- **Operating netback $28.62/boe**
- **Exploration & development capital expenditures $1.9 million**

(See below for definitions and advisories)

TRANSACTIONAL HIGHLIGHTS

- A comprehensive summary of the Banarli Farm-in, West Thrace Deep Rights Sale, subscription receipts financing and TBNG Acquisition was included in the March 14, 2017 quarterly press release. More recent developments are outlined below.

TBNG Acquisition

- As announced on February 24, 2017, an affiliate of Valeura closed a transaction with an affiliate of TransAtlantic Petroleum Ltd. to acquire 100% of the shares of Thrace Basin Natural Gas (Turkiye) Corporation ("**TBNG**") (the "**TBNG Acquisition**") for US$20.7 million ($27.1 million).

Subsequent West Thrace Deep Rights Sale

- An affiliate of Valeura executed a sale and purchase agreement with Statoil on March 10, 2017 to sell an additional 10% participating interest in the deep rights on the West Thrace lands for US$3 million ($4.2 million) (the "**Subsequent West Thrace Deep Rights Sale**").

- Closing of the Subsequent West Thrace Deep Rights Sale remains subject to Turkish government approvals for the associated transfer of licence interests. This application is currently before the Ministry of Energy and Natural Resources.

OPERATIONAL HIGHLIGHTS

- Net petroleum and natural gas sales in Turkey in Q1 2017 averaged 807 barrels of oil equivalent per day ("**boe/d**"), which was marginally higher than Q4 2016 and Q1 2016. Net sales in Q1 2017 included 4.8 million cubic feet per day ("**MMcf/d**") of natural gas, representing more than 99% of net petroleum and natural gas sales.
- Q1 2017 sales include the contribution from TBNG effective February 24, 2017. The TBNG sales contributed 1.1 MMcf/d to average sales in the quarter, which was offset by natural declines and well down-time during the quarter.
- Net sales in April 2017 were approximately 913 boe/d.

TBNG JV and Banarli Shallow Gas Program

- The first well in the 2017 shallow gas program, Dogu Atakoy-3, located on the TBNG JV lands at West Thrace (Valeura 81.5% working interest) was spudded on January 24, 2017, and drilled and cased to a depth of 1,303 metres. The well has been on-stream since March 8 and has satisfied one of two well commitments in 2017.
- The Corporation has executed a new multi-well drilling rig contract with a Turkish contractor for six firm wells in the 2017 shallow gas program on the TBNG JV lands and Banarli licences. The contract includes an extension option for several contingent locations.
- The Corporation expects to spud the next shallow gas well in the 2017 program at Dogu Kilavuzlu-2 on the South Thrace lands by late May with a target depth of 1,250 metres. The well location is close to the gathering system with a tie-in of approximately 550 metres.

Banarli Deep Exploration Program

- Spudding of the he first 4,000 metre well, Yamalik-1, to be drilled under the Phase 1 commitment of the Banarli Farm-in with its partner Statoil, is imminent. Spud to rig release is expected to be approximately 60 days.
- The drilling program is being operated by Valeura under a Valeura/Statoil Banarli Deep Project Team organizational structure. The well is being drilled with a deep capacity rig, KCA Deutag T-207, which was sourced in Germany and transported overland to the Yamalik-1 well location.
- Statoil and Valeura agreed to a final Authority for Expenditure ("**AFE**") of US$12.85 million to drill, core, log and case the Yamalik-1 well and to mobilize and demobilize the drilling rig. Under the farm-in agreement terms, Statoil funds this program on a 100% basis up to a cap of 110% of the AFE amount.
- It is expected that a separate AFE will be raised in the future to complete and test the Yamalik-1 well following rig release, to be funded on a 100% basis by Statoil up to a cap of 110% of the AFE amount. The results from the well will be evaluated during the third quarter of 2017. Work will also be done to agree on the scope and design of the completion and testing program, select contractors, firm cost estimates and mobilize equipment prior to commencement. Execution of such a completion and testing program would be required to satisfy the Phase 1 commitment under the farm-in agreement.
- The 3D seismic program under the Phase 2 commitment of the Banarli Farm-in is expected to commence during the third quarter of 2017. Valeura is the operator of the seismic program.
- Statoil and Valeura have agreed to a final AFE of approximately US$10 million for seismic acquisition and processing, which is expected to fund up to 500 km^2 of 3D seismic covering most of the Banarli licences and part of the West Thrace licences in the TBNG JV.

FINANCIAL HIGHLIGHTS

- On April 16, 2017 Turkey held a referendum on a proposed new constitution which was endorsed by a narrow margin. The result served to stabilize the Turkish Lira value against the Canadian dollar.
- Funds flow used in operations was $2.9 million in Q1 2017 compared to funds flow from operations of $0.9 million and $2.0 million in Q4 2016 and Q1 2016, respectively. This Q1 2017 result reflects a number of non-recurring expenses associated with the TBNG Acquisition, which closed in the quarter, as shown in Table 1 below:

Funds Flow From Operations (thousands of Canadian dollars)	Three Months Ended	
	March 31, 2017	March 31, 2016
Funds flow from (used in) operations	(2,883)	1,969
Less transaction related items:		
Transaction costs	918	-
Realized foreign exchange loss	1,604	-
Current tax	1,120	-
Operations income	759	1,969

- Exploration and development capital expenditures were $1.9 million in Q1 2017, up significantly from $0.5 million in Q4 2016 due to higher drilling and workover expenditures and down 29% from Q1 2016 due to lower drilling expenditures.
- Acquisition expenditures associated with the TBNG Acquisition were $21.5 million, net of cash on the balance sheet of TBNG.
- Dispositions of $22.3 million reflect the funds received from Statoil for the contribution to back costs on Banarli and the sale of deep rights on the West Thrace lands.
- The working capital surplus at March 31, 2017 was $7.5 million, including cash of $5.8 million (excludes restricted cash of $3.4 million).
- The average natural gas price realization in Turkey of $7.06 per thousand cubic feet ("**Mcf**") in Q1 2017 was down 11% and 30% from Q4 2016 and Q1 2016, respectively, due to a 10% reduction in the BOTAS Reference Price (in Turkish Lira) effective October 1, 2016 and a further decline in the value of the Turkish Lira.
- The average operating netback of $28.62 per boe in Q1 2017 was down 14% from Q4 2016 due to lower natural gas price realizations, partially offset by lower unit royalties and slightly lower unit operating costs, and down 38% from Q1 2016 due to lower natural gas price realizations and higher unit operating costs, partially offset by lower unit royalties. (See discussion below regarding non-IFRS measures)
- Additional financial and operating results are summarized in the Table 2 below.

Table 2 Financial and Operating Results Summary [1]

(thousands of Canadian dollars, except share and per share amounts, and as otherwise stated)	Three Months Ended March 31, 2017	Three Months Ended December 31, 2016	Three Months Ended March 31, 2016
Financial (CDN$ except share and per share amounts)			
Petroleum and natural gas revenues	3,088	3,508	4,328
Funds flow from (used in) operations [1]	(2,883)	915	1,969
Net income (loss) from operations	(2,001)	(3,189)	(992)
Exploration and development capital expenditures	1,932	536	2,704
Acquisitions	21,450	-	-
Dispositions	(22,315)	-	-
Net working capital surplus	8,122	3,786	6,467
Cash	5,760	1,987	3,726
Common shares outstanding			
Basic	73,148,321	58,519,321	57,906,135
Diluted	79,062,821	63,433,821	63,696,135
Share trading			
High	1.00	1.15	0.83
Low	0.63	0.81	0.60
Close	0.68	0.95	0.68
Operations			
Production			
Crude oil (bbl/d)	3	12	9
Natural Gas (Mcf/d)	4,825	4,699	4,697
boe/d (@ 6:1)	807	795	792
Average reference price			
Brent ($/bbl)	71.28	65.17	46.47
BOTAS Reference ($ per Mcf) [2]	7.12	8.09	10.26
Average realized price			
Crude oil ($ per bbl)	72.83	63.67	39.75
Natural gas - Turkey ($ per Mcf)	7.06	7.96	10.05
Average Operating Netback ($ per boe @ 6:1) [1]	28.62	33.43	45.85

Notes:

(1) The above table includes non-IFRS measures, which may not be comparable to other companies. Funds flow from operations is calculated as net income (loss) for the period adjusted for non-cash items in the statement of cash flows. Operating netback is calculated as petroleum and natural gas sales less royalties, production expenses and transportation costs. See MD&A for further discussion.

(2) Boru Hatlari ile Petrol Tasima Anonim Sirketi ("**BOTAS**") owns and operates the national crude oil and natural gas pipeline grids in Turkey and purchases the majority of Turkey's natural gas imports. BOTAS regularly posts prices and its Level-2 wholesale tariff is shown herein as a reference price. See the 2016 Annual Information Form for further discussion.

2017 OUTLOOK

The Corporation is currently targeting a capital expenditure program of $15 to 16 million (net) in 2017 directed entirely to the shallow gas business. The Corporation has the flexibility to control the pace of spending since it is now the operator of the TBNG JV. The capital program is expected to include drilling of up to seven wells (gross) in the shallow formations on the TBNG JV lands and Banarli licences, targeting to deliver 2017 exit rate net sales of approximately 1,500 boe/d.

(See advisories below regarding outlook disclosures)

ANNUAL GENERAL MEETING WEBCAST

Valeura's Annual and Special Meeting of Shareholders will he held on May 11, 2017 at 9:00 AM MST in the Northcote Room at the Bow Valley Square Conference Centre, Level 3, Bow Valley Square 2, 202-6th Ave. S.W., Calgary, Alberta.

Please visit the following link to view the webcast of the proceedings, including a presentation by Jim McFarland, President and Chief Executive Officer at the end of the meeting.

http://event.on24.com/wcc/r/1414766-1/B867822F64D41069094785DBA58FF933

ABOUT THE CORPORATION

Valeura Energy Inc. is a Canada-based public company currently engaged in the exploration, development and production of petroleum and natural gas in Turkey.

OIL AND GAS ADVISORIES

When used herein, the term "boe" means barrels of oil equivalent on the basis of one boe being equal to one barrel of oil or natural gas liquids, or 6,000 cubic feet of natural gas. Barrel of oil equivalent may be misleading, particularly if used in isolation. A boe conversion ratio of 6.0 Mcf to 1.0 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

ADVISORY AND CAUTION REGARDING FORWARD-LOOKING INFORMATION

This news release contains certain forward-looking statements and information (collectively referred to herein as "**forward-looking information**") including, but not limited to: the Corporation's 2017 work program, operational plans (drilling) on the TBNG JV lands and Banarli licences, expected capital expenditures, target exit sales rate, expected price realizations and expected operating netbacks; timing for spudding the Yamalik-1 well; the expected timeline and cost to drill the Yamalik-1 deep exploration well; the expected commencement of the 3D seismic program under the Banarli Farm-in and the estimated scope and cost; the ability to satisfy the conditions for closing the Subsequent West Thrace Deep Rights Sale, including securing Turkish government approvals for the transfer of the licence interests; the ability to close the Subsequent West Thrace Deep Rights Sale and the expected timing; the expected payment of US$3 million on the closing of the Subsequent West Thrace Deep Rights Sale; the prospectivity of the shallow formations on the TBNG JV lands and Banarli licences; the ability to maintain a continuous drilling program; the ability to fulfill the commitment program of spudding of one additional shallow well on the West Thrace lands by late June 2017; the availability of operating cash flow and the ability to finance development from existing cash, expected funds from closing of the Subsequent West Thrace Deep Rights Sale and operating cash flow; tying-in new wells and getting these on-stream; the timing, estimated costs and ability to fund the planned 2017 shallow gas program; the planned drilling and seismic program in 2017 for the Banarli Farm-in and the timing thereof; and the potential for a basin-centered gas accumulation play. Forward-looking information typically contains statements with words such as "anticipate", estimate", "expect", "target", "potential", "could", "should", "would" or similar words suggesting future outcomes. The Corporation cautions readers and prospective investors in the Corporation's securities to not place undue reliance on forward-looking information, as by its nature, it is based on current expectations regarding future events that involve a number of assumptions, inherent risks and uncertainties, which could cause actual results to differ materially from those anticipated by the Corporation.

Forward-looking information is based on management's current expectations and assumptions regarding, among other things: political stability of the areas in which the Corporation is operating and completing transactions, and in particular the aftermath of the July 2016 failed coup attempt in Turkey and April 2017 constitutional referendum; continued safety of operations and ability to proceed in a timely manner; the ability to close the Subsequent West Thrace Deep Rights Sale; continued operations of and approvals forthcoming from the Turkish government in a manner consistent with past conduct; future seismic and drilling activity on the expected timelines; the prospectivity of the TBNG JV lands and Banarli licences, including the deep potential; the continued favourable pricing and operating netbacks in Turkey; future production rates and associated operating netbacks and cash flow; future sources of funding; future economic conditions; future currency exchange rates; the ability to meet drilling deadlines and other requirements under licences and leases; and the Corporation's continued ability to obtain and retain qualified staff and equipment in a timely and cost efficient manner. In addition, the Corporation'swork programs and budgets are in part based upon expected agreement among joint venture partners and associated exploration, development and marketing plans and anticipated costs and sales prices, which are subject to change based on, among other things, the actual results of drilling and related activity, availability of drilling, fracing and other specialized oilfield equipment and service providers, changes in partners' plans and unexpected delays and changes in market conditions. Although the Corporation believes the expectations and assumptions reflected in such forward-looking information are reasonable, they may prove to be incorrect.

Forward-looking information involves significant known and unknown risks and uncertainties. Exploration, appraisal, and development of oil and natural gas reserves are speculative activities and involve a significant degree of risk. A number of factors could cause actual results to differ materially from those anticipated by the Corporation including, but not limited to: the risks of delay or not obtaining Turkish government approvals in a timely manner for the transfer of licence interests or satisfying other conditions for closing the Subsequent West Thrace Deep Rights Sale, in light of the July 2016 failed coup attempt in Turkey and its aftermath, and the April 2017 constitutional referendum; the risks of currency fluctuations; changes in gas prices and netbacks in Turkey; uncertainty regarding the contemplated timelines to resume the shallow gas drilling program, start the Banarli 3D seismic acquisition and complete the drilling of the Yamalik-1 well, and the estimated costs for these programs; the risks of disruption to operations and access to worksites, threats to security and safety of personnel and potential property damage related to political issues, terrorist attacks, insurgencies or civil unrest in Turkey; political stability in Turkey, including potential changes in Turkey's constitution, political leaders or parties or a resurgence of a coup or other political turmoil; the uncertainty regarding government and other approvals; potential changes in laws and regulations; risks associated with weather delays and natural disasters; the risk associated with international activity; and, the uncertainty regarding the ability to fulfill the drilling commitment on the West Thrace lands. The forward-looking information included in this news release is expressly qualified in its entirety by this cautionary statement. The forward-looking information included herein is made as of the date hereof and Valeura assumes no obligation to update or revise any forward-looking information to reflect new events or circumstances, except as required by law. See Valeura's 2016 AIF for a detailed discussion of the risk factors.

Any financial outlook or future oriented financial information in this news release, as defined by applicable securities legislation, has been approved by management of Valeura, including, but not limited to, the expected acquisition metrics of the TBNG Acquisition. Such financial outlook or future oriented financial 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.

Additional information relating to Valeura is also available on SEDAR at www.sedar.com

Jim McFarland, President and CEO
Valeura Energy Inc.
(403) 930-1150
jmcfarland@valeuraenergy.com

Steve Bjornson, CFO
Valeura Energy Inc.
(403) 930-1151
sbjornson@valeuraenergy.com

www.valeuraenergy.com