



Press Release – October 7, 2013

## VALEURA PROVIDES THIRD QUARTER 2013 OPERATIONAL UPDATE

Valeura Energy Inc. ("**Valeura**" or the "**Corporation**") (TSX: VLE) is pleased to provide an operational update for the third quarter of 2013.

### PRODUCTION UP 16% IN THE THIRD QUARTER OF 2013

Corporate petroleum and natural gas sales in the third quarter of 2013 averaged approximately 1,000 barrels of oil equivalent per day ("**boe/d**") (net), up 16% from the second quarter of 2013 reflecting the contribution of new fracs completed in tight gas reservoirs in the Thrace Basin of Turkey.

Turkish net production in the third quarter of 2013 averaged approximately 960 boe/d, including 5.7 million cubic feet per day ("**MMcf/d**") of natural gas at an average wellhead price of \$10.20 per thousand cubic feet ("**Mcf**") and 12 barrels of oil per day ("**bopd**"). Canadian production was approximately 40 boe/d.

### THRACE BASIN OPERATIONAL DEVELOPMENTS

The Corporation drilled and completed the second horizontal well BTD-4H in a two-well horizontal drilling pilot in the Tekirdag area on joint venture lands acquired from Thrace Basin Natural Gas (Turkiye) Corporation ("**TBNG**") and Pinnacle Turkey Inc. ("**PTI**") (Valeura 40%). The well was drilled to a depth of approximately 1,000 metres into the Teslimkoy Formation with a horizontal section of 617 metres and was completed with a 10-stage frac. The well was tied into the gathering system on September 27, 2013 and has been flowing since that time at an average restricted rate of approximately 3.3 MMcf/d (gross) through a 34/64" choke. The well is continuing to clean up with approximately 60% of the completion load fluid recovered to date.

The first horizontal well DTD-19H in the pilot, which was completed in the less permeable Upper Kesan Formation with seven-stage frac over a shorter lateral length of 425 metres, has produced at an initial 30-day average rate 0.4 MMcf/d. The well is continuing to clean up with approximately 55% of the completion load fluid recovered to date. The steep structural dip of the Upper Kesan Formation at this particular well location did not permit a longer lateral to be drilled with a larger number of frac stages, which could potentially have improved production performance.

It is expected that two additional horizontal wells will be spudded on the TBNG-PTI lands in the fourth quarter of 2013, including an initial horizontal test in the Mezardere Formation and an offset to the BTD-4H well in the Teslimkoy Formation.

The Corporation continued its successful, low cost (\$0.3-0.5 MM per well) (gross) re-completion frac program in the new laminated sand/shale play in the Mezardere Formation on the TBNG-PTI lands. During the third quarter, an additional six fracs were completed taking the year to date total to eight. The average per well initial peak 24-hour test rate on the first seven fully completed wells was approximately 1.1 MMcf/d. Up to an additional six re-completion Mezardere fracs are planned for the fourth quarter from a current inventory of more than 30 candidates.

### SOUTHEAST ANATOLIA BASIN OPERATIONAL DEVELOPMENTS

During the third quarter, the Corporation completed its interpretation of a new 20 kilometre 2D seismic survey on the Bostanci Licence 4985 (Valeura 100%) and the reprocessing of existing seismic on the Karakilise Licence 5052 (Valeura 100%) in southeast Turkey. Given the high exploration risk associated with the interpreted leads and prospects on these licences, the Corporation sought potential farm-in partners to assist in funding a licence retaining exploration well on each licence prior to mid-October 2013 spudding requirements. These farm-out processes were not successful, and as a result, the Corporation has applied to the General Directorate of Petroleum Affairs ("**GDPA**") to relinquish these licences.

The Corporation has retained its interests in the Karakilise Licences 2677 and 2674 (Valeura 27.5%), which each contain a small producing oil well (10-15 boe/d gross per well). These two exploration licences reach the end of their 11-year exploration term in November 2013 and May 2014, respectively, at which times a production lease application would need to be filed with the GDPA to retain productive acreage.

## **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 and Western Canada.

## **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 NGLs, 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: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 well head.

The initial production rates for wells stated herein are not necessarily indicative of long term performance or ultimate recovery. To date, shallow gas conventional wells and frac'd unconventional tight gas wells have exhibited relatively high decline rates at more than 50% and 75%, respectively, in their first year of production.

## **ADVISORY AND CAUTION REGARDING FORWARD-LOOKING INFORMATION**

This news release contains certain forward-looking statements including, but not limited to: plans for the tight gas delineation and development program in the Thrace Basin and the ability to finance development; anticipated work programs, budgets and operational plans, the continued drilling of the horizontal wells to be completed with multi-stage fracs and the expected impact thereof; the future development program in the Thrace Basin; the potential for re-completions and a follow-on development program in the Mezardere formation; the timing, costs and ability to fund each of the foregoing; and, future applications, if any, for Karakilise area production leases and the outcome thereof. 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: continued political stability of the areas in which the Corporation is operating and completing transactions; continued operations of and approvals forthcoming from the GDPA in a manner consistent with past conduct; results of future seismic programs; future drilling, fracing and re-completion activity, including the extent and pace of tight gas delineation and development drilling in the Tekirdag area and the funding thereof; the ability to manage water production; future production rates and associated cash flow; future capital and other expenditures (including the amount and nature thereof); the ability to meet drilling deadlines and other requirements under licences and leases, including spudding deadlines under the Banarli Licence 5104 and Copkoy Licence 5147; whether future production lease applications to the GDPA will be filed for Karakilise Licences 2677 and 2674, and if so, the outcome thereof; the ability to attract partners and negotiate farm-in arrangements; future sources of funding; future economic conditions; future currency and exchange rates; and, the Corporation's continued ability to obtain and retain qualified staff and equipment in a timely and cost efficient manner. In addition, budgets are based upon the Corporation's current work programs proposed by partners and associated exploration plans and anticipated costs, which are subject to change based on, among other things, the actual results of drilling and related activity, availability of fracing and other specialized oilfield equipment and service providers 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: risks associated with the oil and gas industry (e.g. operational risks in exploration, inherent uncertainties in interpreting geological data, and changes in plans with respect to exploration or capital expenditures, the uncertainty of estimates and projections in relation to costs and expenses, and health, safety, and environmental risks); uncertainty regarding the sustainability of initial production rates and decline rates thereafter; uncertainty regarding the ability to address technical drilling challenges and manage water production; uncertainty regarding the state of capital markets and the availability of future financings; the risk of being unable to secure

farm-in partners; the risk of being unable to meet drilling deadlines and the requirements under licences and leases (including the Banarli Licence 5104 and Copkoy Licence 5147); the results of potential production lease applications for Karakilise Licences 2677 and 2674; 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 (particularly in the southeastern part of Turkey); the risks of increased costs and delays in timing related to protecting the safety and security of Valeura's personnel and property; the risk of commodity and BOTAS pricing and foreign exchange rate fluctuations; the uncertainty associated with negotiating with third parties in countries other than Canada; the risk of partners having different views on work programs and potential disputes among partners and service providers; the uncertainty regarding government and other approvals; potential changes in laws and regulations; risks associated with weather delays and natural disasters; and, the risk associated with international activity. 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 2012 Annual Information Form for a detailed discussion of the risk factors.

Additional information relating to Valeura is also available on SEDAR at [www.sedar.com](http://www.sedar.com)

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