



Press Release – January 4, 2016

VALEURA CONFIRMS NATURAL GAS DISCOVERY IN ITS FIRST BANARLI EXPLORATION WELL AND PROVIDES OPERATIONAL UPDATE

Valeura Energy Inc. ("**Valeura**" or the "**Corporation**") (TSX: VLE) is pleased to confirm a natural gas discovery in its first exploration well Bati Gurgen-1 on its 100% owned and operated Banarli licences in the Thrace Basin of Turkey, which flowed at an initial restricted rate of 3.4 million cubic feet per day ("**MMcf/d**") on a 24-hour production test.

The Corporation is also pleased to advise that preliminary Q4 2015 net petroleum and natural gas sales in Turkey averaged 806 barrels of oil equivalent per day ("**boe/d**"), which was in line with annual guidance and included 4.8 MMcf/d of natural gas at an average price realization of approximately \$9.90 per thousand cubic feet ("**Mcf**"), and 7.0 barrels per day ("**bbld**") of oil and condensate.

BANARLI EXPLORATION RESULTS (VALEURA OPERATED, 100% WORKING INTEREST)

As previously announced on December 17, 2015, the Corporation drilled its first two exploration wells on the 100% owned and operated Banarli licences in November and December 2015, with encouraging results. Since that time, completion and testing of the first well Bati Gurgen-1 and construction of tie-in facilities have been underway targeting first gas at the end of January 2016.

Bati Gurgen-1 Well

The Bati Gurgen-1 exploration well (Valeura 100% working interest) was drilled to a measured depth of 2,735 metres into the top of the Teslimkoy member of the Mezardere formation and was cased to a measured depth of 2,729 metres. Log analysis indicated 32 metres of aggregate net gas pay at an average porosity of 19.6% in multiple stacked sands in the Danismen and Osmancik formations. The well also penetrated several over-pressured, thinner and tighter stacked sands in the Mezardere formation.

The main completion program consisted of perforating approximately 13 metres of conventional stacked sands in the Osmancik formation below 1,480 metres and carrying out a 24-hour production test. Over this period, 3,448 Mcf of natural gas, 15 barrels of condensate and minimal water were produced at a stable restricted rate of approximately 3.4 MMcf/d through a 36/64ths inch choke and a final flowing wellhead pressure of 1,307 pounds per square inch. It is expected that the Danismen formation will be completed within one or two months after the well is on production to permit further performance monitoring of the Osmancik formation alone.

Prior to completing the Osmancik formation, a diagnostic fracture injection test was carried out in a short interval in the Teslimkoy at a depth of approximately 2,560 metres to measure formation pressure, permeability and fracture properties to support future exploration and frac design. The test confirmed that the formation is significantly over-pressured at this depth with a pressure gradient of 0.69 pounds per square inch per foot ("**psi/ft**"), compared to a normal gradient of 0.43 psi/ft. This result is generally consistent with Valeura's interpretation of a potential pressure seal at a depth of approximately 2,500 metres across the Banarli licences, below which elevated pressures are to be expected with potential for a basin-centered gas play.

Although measured porosity and permeability in the Teslimkoy were encouraging, net pay was insufficient to warrant fracking and the Bati Gurgen-1 well was therefore plugged back to a depth of 2,540 metres before completing the Osmancik. However, these Teslimkoy evaluation results have provided encouragement to do similar diagnostic fracture injection testing in advance of a planned frack program in the Yayli-1 well, which was drilled 179 metres deeper than the Bati Gurgen-1 well and encountered much thicker aggregate net pay in the Teslimkoy.

The Bati Gurgen-1 well is currently shut-in awaiting completion of the pipeline tie-in to the dehydration facility at the Gurgen-1 well (Valeura 40% working interest) located approximately 3.0 kilometres to the southeast on the joint venture lands acquired from Thrace Basin Natural Gas (Turkiye) Corporation ("**TBNG**") and Pinnacle Turkey Inc. ("**PTI**") (the "**TBNG-PTI JV**").

(See advisories below regarding initial production rate disclosure)

Yayli-1 Well

The Yayli-1 exploration well (Valeura 100% working interest) was drilled to a measured depth of 2,914 metres into the Teslimkoy member of the Mezardere formation and was cased to a measured depth of 2,910 metres. Log analysis indicated 14 metres of aggregate net gas pay at an average porosity of 15% in several stacked sands in the Osmancik

formation. More significantly, the well also penetrated multiple over-pressured, tighter stacked sands in a series of interpreted coalesced basin floor fans in the Teslimkoy.

The planned testing and completion program on the Yayli-1 well will initially include a diagnostic fracture injection test in a section of the Teslimkoy containing several sand intervals at a depth of approximately 2,850 to 2,875 metres. One of these sand intervals yielded very strong gas shows during drilling and appears to be rubblized/fractured based on interpretation of the formation micro-imaging log. It is expected that this injection test will confirm a level of over-pressure similar to the Bati Gurgun-1 well and provide additional reservoir information to support proceeding with fracture stimulations on one or more intervals in the Teslimkoy. However, before the Yayli-1 well can be fracked, the wellhead will need to be retrofitted to increase its pressure rating from 5,000 psi to 10,000 psi, which is expected to be completed by late January.

Tie-in Activities

Trenching and laying of the 8 inch pipeline to tie-in the Bati Gurgun-1 well to the TBNG JV facilities at the Gurgun-1 well is underway. Provisions are being made to tie-in the Yayli-1 well to a junction at the Bati Gurgun-1 well. First gas from Banarli continues to be targeted for the end of January.

PRELIMINARY Q4 2015 OPERATIONAL RESULTS

Preliminary petroleum and natural gas sales in Turkey in Q4 2015 averaged approximately 806 boe/d (net), which was in line with annual guidance and included 4.8 MMcf/d of natural gas and 7.0 bbl/d of oil and condensate. Preliminary net sales were up approximately 1.5% from Q3 2015 reflecting workover activity and higher customer demand, and down 32% from Q4 2014 due to natural declines and reduced drilling and other capital expenditures on the TBNG JV lands.

The preliminary estimate of the average natural gas price realization in Q4 2015 is approximately \$9.90 per Mcf, essentially unchanged from Q3 2015 and down approximately 7% from Q4 2014 due to further weakening of the Turkish Lira. The reference price for domestic gas sales in Turkey (priced in Turkish Lira) has remained unchanged since October 1, 2014. At that time a 9% increase was implemented to partially offset the impact of the weakening Turkish Lira in 2014.

Preliminary petroleum and natural gas sales in Turkey for the full year 2015 averaged approximately 965 boe/d (net), which slightly exceeded the annual guidance range of 900 to 950 boe/d (net) provided in August 2015. Annual net sales were down 16% from 2014 due to natural declines and reduced drilling and other capital expenditures.

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 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 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.

The short production test rates disclosed in this news release are preliminary in nature and may not be indicative of stabilized on-stream production rates. Initial on-stream production rates are typically disclosed with reference to the number of days in which production is measured. Initial on-stream production rates are not necessarily indicative of long-term performance or ultimate recovery. To date, shallow gas conventional wells and fracked unconventional tight gas wells have exhibited relatively high decline rates at more than 50% and 75%, respectively, in their first year of production. All natural gas rates and volumes are presented net of any load fluids.

ADVISORY AND CAUTION REGARDING FORWARD-LOOKING INFORMATION

This news release contains certain forward-looking statements including, but not limited to: expected completion of the Yayli-1 well, including retrofitting of the wellhead and potential fracking of the Teslimkoy intervals and the results thereof (including potential over-pressure); laying the pipeline and tying-in the Bati Gurgun-1 well and achieving first gas by the end of January 2016; planned tie-in of the Yayli-1 well to the Bati Gurgun-1 well; future completion of the Danismen in the Bati Gurgun-1 well; the extent of over-pressure below approximately 2,500 metres across the Banarli licences and the potential for a basin-centered gas play; and, expected final Q4 2015 and full year 2015 net corporate petroleum and natural gas sales, and final Q4 2015 natural gas price realizations. Forward-looking information typically contains statements with words such as "anticipate", "estimate", "expect", "target", "potential", "could", "should", "would" or similar words suggesting future outcomes. The Corporation cautions readers and prospective investors in the

Corporation's securities to not place undue reliance on forward-looking information, as by its nature, it is based on current expectations regarding future events that involve a number of assumptions, inherent risks and uncertainties, which could cause actual results to differ materially from those anticipated by the Corporation. Statements related to "reserves" or "contingent 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.

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; future seismic, drilling, fracking and re-completion activity on the expected timelines at the expected costs; the prospectivity of the Banarli licences; future production rates, capital efficiencies and associated cash flow; future capital and other expenditures (including the amount and nature thereof); 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. 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: operational risks associated with the over-pressure encountered in the Bati Gurgen-1 and Yayli-1 wells; uncertainty associated with potential future fracking and flow testing results on the Yayli-1 well; the 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 availability of drilling rigs and equipment and the ability to address technical drilling challenges; uncertainty regarding the state of capital markets; uncertainty regarding the amount of operating cash flow; 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; 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 fluctuations in commodity pricing and BOTAS reference prices (denominated in Turkish Lira); the risk of fluctuations in foreign exchange rates, particularly the Turkish Lira; 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 2014 AIF for a detailed discussion of the risk factors.

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

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