Press Release – May 11, 2016

VALEURA ANNOUNCES FIRST QUARTER 2016 FINANCIAL AND OPERATING RESULTS AND YAYLI-1 WELL COMPLETION UPDATE AT BANARLI

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, 2016 and an update on subsequent developments. 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.

"Valeura recorded solid results in the first quarter of 2016, realizing continued strong natural gas sales price realizations and operating netbacks in Turkey averaging $10.05 per Mcf and $45.85 per boe, respectively, and delivering $2.0 million in funds flow from operations", said Jim McFarland, President and Chief Executive Officer. "Net sales in the first quarter were down slightly from the fourth quarter of 2015 due to natural declines on the joint venture lands, partially offset by production from the Bati Gurgen-1 well on our 100% Banarli licences, which achieved first gas on March 12. Sales were up in April to approximately 1,000 boe/d reflecting a full month of production from Banarli. Bati Gurgen-1 is currently producing conventional natural gas from the Osmancik formation at a restricted rate of 2.6 MMcf/d."

"We have carried out an extensive fracture stimulation and evaluation program in the Yayli-1 well at Banarli in over-pressured, tight gas sands in the Teslimkoy formation to provide important calibration data aimed at facilitating the deep farm-in process. We completed two fracs with encouraging results that have been shared with potential farm-in partners. We plan to move up hole to complete indicated conventional gas pay in the shallower Osmancik formation."

"Efforts are continuing to seek a joint venture partner to farm-in on the deeper horizons at Banarli. Active discussions have been underway with a number of parties that have accessed the data room under confidentiality agreements. We are pleased that our Banarli well results have sparked additional interest and accelerated the pace of these discussions."

Q1 2016 RESULTS AT A GLANCE

- **Strategic shift to Banarli (Valeura 100% working interest) yielding positive results:**
  - **Bati Gurgen-1 on-stream at a restricted IP30 rate of 3.4 MMcf/d from the Osmancik; and**
  - **Yayli-1 frac program in the Teslimkoy yielded encouraging results**
- **Net sales 792 boe/d (April 2016 sales averaged approximately 1,000 boe/d of which 45% was from Banarli)**
- **Funds flow from operations $2.0 million**
- **Working capital surplus $6.5 million**
- **Natural gas price realization $10.05/Mcf**
- **Operating costs $6.20/boe**
- **Operating netback $45.85/boe**
- **Net capital expenditures $2.7 million**

(See below for definitions and advisories)

OPERATIONAL HIGHLIGHTS

- Net petroleum and natural gas sales in Turkey in Q1 2016 averaged 792 barrels of oil equivalent per day ("**boe/d**"), which was down 2% from Q4 2015 and down 35% from Q1 2015. Net sales in Q1 2016 included 4.7 million cubic feet per day ("**MMcf/d**") of natural gas and 9.0 barrels of oil per day ("**bbl/d**").
- Lower sales in Q1 2016 reflect the impact of reduced drilling and fracing operations on the joint venture lands acquired from Thrace Basin Natural Gas (Turkiye) Corporation ("**TBNG**") and Pinnacle Turkey Inc. ("**PTI**") (the "**TBNG JV**") and resulting natural declines, partially offset from new Banarli volumes, which commenced on March 12, 2016.

Thrace Basin – Banarli Exploration Licences (Valeura 100% Working Interest)

Bati Gurgen-1 Well

- Achieved first gas from the Bati Gurgen-1 well on March 12, 2016. The well is producing conventional natural gas from the Osmancik formation and achieved a restricted IP30 rate of 3.4 MMcf/d.
- DeGolyer and MacNaughton assigned proved plus probable reserves of 4.9 Bcf (gross) to the Bati Gurgen-1 discovery at December 31, 2015 in their reserves report for the Corporation dated March 8, 2016.
- The well is currently producing at a restricted rate of approximately 2.6 MMcf/d on an 18/64 inch choke. The gas is being produced from an initial completion of 12 metres of net gas pay in the Osmancik formation at a depth of 1,480 metres. It is expected that up to an additional 20 metres of indicated net gas pay in the Osmancik and shallower Danismen formations may be perforated in the next one or two months.
- The gas is being sold to the TBNG JV, net of a transportation and marketing fee, and is being distributed to existing TBNG JV customers located north of Banarli. Valeura receives some benefit from this fee arrangement and the associated proceeds by virtue of its 40% working interest in the TBNG JV facilities. The average price realization for Banarli gas sales in March was $9.56/Mcf, which compares to $9.97/Mcf realized by the TBNG JV in the same month.

Yayli-1 Well

- Completed two fracs in the over-pressured tight gas sands in the Teslimkoy formation at a depth of 2,700 to 2,900 metres as a first step prior to completing indicated conventional natural gas pay in the Osmancik formation. This frac program was designed to provide important calibration data on the deep tight gas play to facilitate discussions with potential farm-in partners in the deep horizons. The results of the frac program have been shared with interested parties that have signed confidentiality agreements and are accessing the farm-in process data room.
- We are encouraged that the evaluation program has confirmed over-pressure below 2,500 metres and both frac intervals produced natural gas.
- It is planned to move up hole and complete approximately 13 metres of indicated conventional gas pay in the Osmancik formation at a depth of 1,800 metres. With success, the well can be put on-stream quickly, requiring only a short tie-in to a gathering line that connects to the Bati Gurgen-1 well and the TBNG JV facilities. Natural gas would be marketed under the same contract that is in place for the Bati Gurgen-1 well.

Other

- Active discussions are continuing to secure a joint venture partner to further advance an exploration drilling and fracing evaluation program in the deeper horizons below approximately 2,500 metres at Banarli, targeting to prove-up the potential of a basin-centered gas play.

Thrace Basin – TBNG JV (Valeura 40% Working Interest)

- There was no drilling on the TBNG JV lands in Q1 2016.
- The TBNG JV has continued its parallel process to seek a farm-in partner to explore the deeper horizons on certain JV lands.

There is no certainty that a deep farm-in transaction will be completed with respect to Banarli or the TBNG JV lands, or the timing of final terms thereof.

FINANCIAL HIGHLIGHTS

- The average natural gas price realization in Turkey of $10.05 per Mcf in Q1 2016 was up marginally from Q4 2015 and down 8% from Q1 2015 due primarily to fluctuations in the Turkish Lira exchange rate.
- The average operating netback of $45.85 per boe in Q1 2016 was up 3% from Q4 2015 due to higher natural gas price realizations and lower unit operating costs, and down 8% from Q1 2015 due to lower natural gas price realizations, partially offset by lower unit operating costs. (See discussion below regarding non-IFRS measures)
- Working capital surplus at March 31, 2016 was $6.5 million, including cash of $3.7 million.
- Funds flow from operations of $2.0 million in Q1 2016 was up 23% from Q4 2015 due primarily to lower general and administrative expenses and lower unit operating costs, and down 46% from Q1 2015 due to lower sales

volumes and lower natural gas price realizations, partially offset by lower general and administrative expenses and lower unit operating costs. (See discussion below regarding non-IFRS measures)

- Net capital expenditures of $2.7 million in Q1 2016 were down 56% from Q4 2015 due to lower drilling expenditures on the Banarli licences and up 88% from Q1 2015 due to higher fracing and completion expenditures on the Banarli licences, partially offset by lower drilling expenditures on the TBNG JV lands.
- Additional financial and operating results are summarized in the Table 1 below.

Table 1 Financial and Operating Results Summary (1)

(thousands of Canadian dollars, except share and per share amounts)	Three Months Ended March 31, 2016	Three Months Ended December 31, 2015	Three Months Ended March 31, 2015
Financial			
Petroleum and natural gas revenues	4,328	4,425	7,167
Funds flow from operations (1)	1,969	1,600	3,673
Net income (loss) from operations	(992)	287	107
Capital expenditures	2,704	6,100	1,435
Net working capital surplus	6,467	7,253	12,288
Cash	3,726	6,973	8,082
Common shares outstanding			
Basic	57,906,135	57,906,135	57,906,135
Diluted	63,696,135	76,352,352	76,387,352
Share trading			
High	0.83	0.66	0.70
Low	0.60	0.36	0.36
Close	0.68	0.66	0.55
Operations			
Production			
Crude oil (bbl/d)	9	8	10
Natural Gas (Mcf/d)	4,697	4,805	7,273
boe/d (@ 6:1)	792	809	1,223
Average reference price			
Brent ($/bbl)	46.47	58.16	66.91
BOTAS Reference ($/Mcf) (2)	10.26	10.07	11.06
Average realized price			
Crude oil ($ per bbl)	39.75	44.51	50.19
Natural gas - Turkey ($ per Mcf)	10.05	9.93	10.88
Average Operating Netback ($ per boe @ 6:1) (1)	45.85	44.56	49.58

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 Industrial Interruptible Tariff benchmark is shown herein as a reference price. See the 2015 Annual Information Form for further discussion.

OUTLOOK

The Corporation expects to continue to execute its strategy to shift emphasis from its non-operated 40% working interest in the TBNG JV to its 100% owned and operated Banarli licences in the Thrace Basin.

In 2016, the Corporation expects to complete a capital expenditure program in the range of $13 to 15 million (net) in Turkey focused on natural gas development in the Thrace Basin and funded from cash on hand and cash flow. The work program and budget aims to achieve the following key objectives in 2016:

- Grow volumes on Valeura's 100% owned and operated Banarli licences by drilling new conventional gas wells targeting the Osmancik and Danismen formations offsetting the Bati Gurgen-1 and Yayli-1 wells drilled in late 2015;
- Mitigate natural declines on the TBNG JV lands from a work program funded by operating cash flow from the JV;
- Achieve corporate average sales volumes in the range of 1,100 to 1,200 boe/d (net); and
- Continue to seek a farm-in partner(s) to further advance a drilling and fracing program aimed at proving-up a potential basin-centered gas play in over-pressured formations below approximately 2,500 metres on the Banarli licences and certain TBNG JV lands.

At Banarli, capital expenditures in 2016 are budgeted in the range of $11 to 12 million. This includes the completion and tie-in of the Bati Gurgen-1 and Yayli-1 wells and the drilling, completion and tie-in of up to three new wells targeting conventional natural gas down to a depth of approximately 2,500 metres. With success, it is expected that these new wells could be quickly tied-into existing infrastructure under the current gas contract with the TBNG JV.

(See advisories below regarding outlook disclosures)

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 ("**bbl**") of oil or NGLs, or six thousand cubic feet ("**Mcf**") 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 initial on-stream production 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 (e.g. IP30 refers to an initial on-stream average production rate measured over a 30-day period). Initial on-stream production rates are not necessarily indicative of long-term performance or ultimate recovery. To date, shallow gas conventional wells and fraced 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.

Operating netback is a non-IFRS measure and is calculated as petroleum and natural gas sales less royalties, production expenses and transportation costs. (See the MD&A for further discussion).

"**Reserves**" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on: (a) analysis of drilling, geological, geophysical, and engineering data; (b) the use of established technology; and (c) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates.

"**Proved**" or "**1P**" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

"**Probable**" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable ("**2P**") reserves.

ADVISORY AND CAUTION REGARDING FORWARD-LOOKING INFORMATION

This news release contains certain forward-looking statements including, but not limited to: the Corporation's 2016 work program and budget, operational plans (drilling, fracing and workovers), expected capital expenditures and target sales volumes; the planned tie-in of the Yayli-1 well and the timing thereof; the future completion of additional net pay in the Osmancik and Danismen formations in the Bati Gurgen-1 well and Osmancik formation in the Yayli-1 well and the timing thereof; the planned drilling program on the Banarli licences and TBNG JV lands and the timing thereof; the extent of over-pressure below approximately 2,500 metres across the Banarli licences and certain TBNG JV lands and the potential for a basin-centered gas play; the availability of operating cash flow and the ability to finance development from existing cash and operating cash flow; the ability to grow sales volumes and tie-in new wells and get these on-stream; the ability to mitigate natural declines; the timing, estimated costs and ability to fund each of the foregoing; and the plans to attract a farm-in partner(s) to drill the deep, potential basin-centered gas play on the Banarli licences and certain of the TBNG JV lands. 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" are deemed forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves 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, fracing and re-completion activity on the expected timelines; the prospectivity of the Banarli licences; future production rates and sales volumes, capital efficiencies 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; the ability to attract partners and negotiate farm-in agreements, in particular for deep exploration on certain TBNG JV lands and on the Banarli licences; 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, the Corporation's work 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 the operator's or other 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: 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, and the ability to mitigate these declines; uncertainty regarding the availability of drilling rigs and equipment and the ability to address technical drilling challenges and manage water production; uncertainty regarding the state of capital markets; uncertainty regarding the amount of operating cash flow and the ability to reduce costs and achieve capital efficiencies; 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 political leaders or parties; 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 ("**TL**")); the risk of fluctuations in foreign exchange rates, particularly the TL; 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; the risk associated with international activity; and the uncertainty regarding the ability to complete a deep farm-in transaction with respect to Banarli and/or the TBNG JV 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 2015 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. 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

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