



Press Release – October 13, 2016

VALEURA ANNOUNCES EXECUTION OF TRANSFORMATIONAL TRANSACTION AGREEMENTS IN TURKEY AND UNDERWRITTEN PRIVATE PLACEMENT OF SUBSCRIPTION RECEIPTS

Valeura Energy Inc. ("**Valeura**" or the "**Corporation**") (TSX: VLE) is pleased to announce that it has executed definitive agreements for three concurrent transactions, which advance the Corporation's strategy to grow its high netback natural gas business in the Thrace Basin of northwest Turkey. These transactions, upon completion, are expected to be transformational for Valeura in terms of increased business scale, operational control, financial capability, drilling activity and production, and include:

- Acquisition of its joint venture partner, Thrace Basin Natural Gas (Turkiye) Corporation ("**TBNG**"), for US\$22 million in cash effective March 31, 2016, which after closing adjustments is expected to be reduced to approximately US\$18.5 million at closing;
- Sale of deep rights on certain joint venture lands to Statoil Banarli Turkey B.V. ("**Statoil**") for US\$15 million in two tranches of US\$12 million and US\$3 million; and
- Underwritten \$7.5 million private placement financing of subscription receipts of the Corporation, to be issued at a price of \$0.75 per subscription receipt (see "Financing of the TBNG Acquisition" section below).

The closing of the acquisition of TBNG and the sale of deep rights on certain joint venture lands to Statoil are subject to customary closing conditions, including obtaining customary Turkish government approvals with respect to the change of control of TBNG and the various licence interest transfers.

"The acquisition of TBNG has been a longstanding strategic objective of Valeura, which provides operational control and doubles our participating interest to 81.5% in a core producing asset in the Thrace Basin," said Jim McFarland, President and Chief Executive Officer of Valeura. "The combination of the acquisition of Valeura's joint venture partner, the sale of the deep rights to Statoil and the financing, is expected to be highly accretive to Valeura shareholders, with pro-forma cash flow per share accretion of 62% based on Q2 2016 actual results."

"The funds flow from Statoil and concurrent financing provide the opportunity to ramp-up exploration and development drilling activity in the shallow conventional gas and tight gas formations on the TBNG JV lands to complement the 100% controlled shallow program on the Banarli licences, which together will be the main focus of Valeura's near term business plan. We look forward to working with TransAtlantic Petroleum to ensure a smooth transition of operatorship of the TBNG JV and welcoming the TBNG operational team in Turkey to the Valeura group."

"We are also delighted with the opportunity to expand the joint venture activities with Statoil under the sale of a portion of the West Thrace deep rights, which will build on the recently executed Banarli farm-in. Not only is this sale a crucial source of non-dilutive financing for the TBNG Acquisition, but it is also an important measure of Statoil's level of interest and commitment to testing the basin-centered gas play concept in the Thrace Basin, and the potential option value of Valeura's position in the play," adds McFarland.

Details of the transactions are outlined below.

THRACE BASIN NATURAL GAS (TURKIYE) CORPORATION ACQUISITION

Valeura's wholly-owned affiliate, Valeura Energy Netherlands B.V., has entered into a share purchase agreement (the "**Acquisition Agreement**") with TransAtlantic Worldwide, Ltd. to acquire 100% of the shares of its wholly-owned affiliate, TBNG, for cash consideration at closing of approximately US\$18.5 million (estimate after closing adjustments) (the "**TBNG Acquisition**"). TBNG currently holds a 41.5% participating interest in the joint venture lands acquired from TBNG and Pinnacle Turkey Inc. ("**PTI**") in 2011 (the "**TBNG JV**"). Upon the closing of the TBNG Acquisition, Valeura's participating interest in the shallow rights on the TBNG JV will increase to 81.5% and Valeura will become the operator. Certain consents for the TBNG Acquisition have been received from PTI, which holds an 18.5% participating interest in the TBNG JV and will remain a joint venture partner.

Cormark Securities Inc. acted as financial advisor to Valeura with respect to the TBNG Acquisition.

Key Transaction Highlights and Benefits

Management of Valeura believes the following to be the key transaction highlights and benefits of the TBNG Acquisition:

- Per share accretion metrics for the TBNG Acquisition, based on a 17% increase in the shares outstanding at completion of the financing, are expected to be strong given the significant non-dilutive funding from Statoil:

	Per Share Accretion ⁽¹⁾
Cash Flow ⁽²⁾	62%
Production ⁽³⁾	35%
2P Reserves ⁽⁴⁾	58%

- Increases Valeura's participating interest in the shallow rights on the TBNG JV from 40% to 81.5% and establishes Valeura as the operator
- Increases Valeura's corporate production by 59% ⁽³⁾ and 2P reserves by 85% ⁽⁴⁾
- Provides control of key upstream and marketing infrastructure and retail marketing licence held by TBNG
- Capitalizes on Valeura's 5-year experience with the assets and proven operational capabilities
- Acquiring operatorship allows Valeura to accelerate the early ramp-up of exploration and development activities on the TBNG JV lands, with the initial priority on spudding four shallow commitment wells on the West Thrace lands by late June 2017
- Expands Valeura's interest in a robust portfolio of exploratory prospects and leads and development opportunities identified by Valeura on the TBNG JV lands in both conventional shallow gas formations and normally-pressured tight gas formations and complements the 100% controlled shallow program on the Banarli licences, which is in the early exploration phase
- Acquiring key infrastructure provides significant operational synergies for the development of the adjacent Banarli licences and producing wells, which are tied into the TBNG JV facilities, with the related production currently being sold to TBNG and marketed to TBNG's local customer base
- Acquisition metrics, based on the adjusted cash purchase price of approximately US\$18.5 million (estimate after closing adjustments), are expected to be as follows:
 - 3.2 cash flow multiple ⁽²⁾
 - \$43,360 per producing boe/d ⁽³⁾
 - \$15.08 per boe (1P reserves); \$5.08 per boe (2P reserves) ⁽⁴⁾

Notes

- (1) Based on 58.5 million shares pre-financing and 68.5 million shares post-financing.
- (2) Based on annualized Q2 2016 cash flow. Cash flow herein is defined as revenue less royalties, operating costs and general and administrative ("G&A") expenses, including an allocation of existing Valeura corporate G&A to the TBNG JV and an estimated incremental G&A burden of \$1.0 million associated with the TBNG Acquisition.
- (3) Based on annualized Q2 2016 sales from TBNG's 41.5% working interest in TBNG JV.
- (4) Based on allocation of DeGolyer and MacNaughton's estimate of Valeura's reserves for the TBNG JV lands at December 31, 2015 in their report prepared for Valeura dated March 8, 2016.

DEEP RIGHTS SALE TO STATOIL

Valeura's wholly-owned affiliate, Corporate Resources B.V. ("**CRBV**"), has entered into a sale and purchase agreement (the "**Deep Rights Sale Agreement**") with Statoil, a wholly-owned affiliate of Statoil ASA, to sell Valeura's current 40% participating interest in the deep formations below approximately 2,500 metres depth on certain TBNG JV lands, including two exploration licences and three production leases (the "**West Thrace lands**"), for cash consideration of US\$12 million (the "**West Thrace Deep Rights Sale**"). The Deep Rights Sale Agreement also provides that upon the closing of the West Thrace Deep Rights Sale and the TBNG Acquisition, CRBV will cause TBNG to enter into a sale and purchase agreement with Statoil to sell an additional 10% participating interest in the deep formations below approximately 2,500 metres depth on the West Thrace lands, for cash consideration of US\$3 million (the "**Subsequent West Thrace Deep Rights Sale**").

Upon the closing of the West Thrace Deep Rights Sale and the Subsequent West Thrace Deep Rights Sale, Valeura retains a 31.5% participating interest and Statoil acquires a 50% participating interest in the deep formations on the

West Thrace lands. Valeura will retain an 81.5% participating interest in the shallow formations and an 81.5% participating interest in all formations on other TBNG JV lands.

Key Transaction Highlights and Benefits

Management of Valeura believes the following to be the key transaction highlights and benefits of the West Thrace Deep Rights Sale and the Subsequent West Thrace Deep Rights Sale:

- Proceeds from the sale provide a key source of non-dilutive funding for the TBNG Acquisition
- Valeura retains all existing production and reserves on the TBNG JV lands, given the current undeveloped nature of the deep formations
- Further validates the potential of Valeura's assets with respect to the potential for a basin-centered gas play
- Valeura retains a meaningful 31.5% participating interest in the deep formations on the West Thrace lands to complement its retained 50% participating interest in the deep formations on the Banarli licences, thereby preserving significant option value should the basin-centered gas play be successful
- Valeura retains operatorship and a 81.5% participating interest in shallow formations in all TBNG JV lands and all formations outside the West Thrace lands
- Valeura retains its 81.5% ownership of all existing facilities and wells on the TBNG JV lands, with the exception of deep rights that would accrue to the existing suspended deep wells Hayrabolu-10 and Kazanci-5
- Valeura will also initially operate the deep rights program, subject to Statoil having a one-time right to become operator of the deep rights provided it has first earned its 50% participating interest in the Banarli exploration licences under the Banarli farm-in announced on May 15, 2016
- Any deep drilling on the West Thrace lands prior to Statoil completing the earning under the Banarli farm-in would require the unanimous approval of the parties holding participating interests in the deep formations
- Aligns Statoil's 50% participating interest in the deep formations on the West Thrace lands with its potential after-earning 50% participating interest in the deep formations under the Banarli farm-in

Closing of the TBNG Acquisition and the West Thrace Deep Rights Sale is expected to occur before year-end 2016 and is subject to customary closing conditions, including obtaining customary Turkish government approvals with respect to the change of control of TBNG and the various licence interest transfers. Furthermore, closing of the TBNG Acquisition is conditional on the closing of the West Thrace Deep Rights Sale and the Deep Rights Sale Agreement provides for the return of the initial proceeds of US\$12 million to Statoil in the event the Acquisition Agreement is terminated or the TBNG Acquisition fails to close. Closing of the Subsequent West Thrace Deep Rights Sale is expected to occur in early 2017, subject to obtaining customary Turkish government approvals.

FINANCING OF THE TBNG ACQUISITION

Consideration for the TBNG Acquisition will consist of a cash payment at closing of approximately US\$18.5 million, after estimated closing adjustments. Valeura has developed a robust funding mechanism to ensure the timely closing of the TBNG Acquisition having regard to the flow of funds from Statoil to affiliates of Valeura, the Turkish government approvals required and the expected timing thereof.

Valeura expects to partially fund the TBNG Acquisition with the initial proceeds of US\$12 million from Statoil under the West Thrace Deep Rights Sale and the expected proceeds from the concurrent \$7.5 million (US\$5.7 million) underwritten private placement financing (the "**Offering**").

Other expected payments from Statoil, which are not directly linked to the TBNG Acquisition, but which can provide additional funding for the TBNG Acquisition and/or working capital to fund the 2017 shallow drilling program, include the following: the US\$6 million payment to be received by Valeura at the closing of the Banarli farm-in, which could occur in advance of the closing of the TBNG Acquisition and thereby also partially fund the TBNG Acquisition; and, the second payment of US\$3 million to be received at the closing of the Subsequent West Thrace Deep Rights Sale expected in early 2017.

Underwritten Private Placement Offering

The Corporation has entered into an agreement with Cormark Securities Inc. as lead underwriter, and on behalf of a syndicate of underwriters (collectively, the "**Underwriters**"), in respect of the Offering, pursuant to which the Corporation will sell and the Underwriters will purchase, on an underwritten private placement basis 10,000,000 subscription receipts of the Corporation (the "**Subscription Receipts**") at a price of \$0.75 per Subscription Receipt for total gross proceeds of \$7.5 million.

Each Subscription Receipt will represent the right to receive one common share of the Corporation (each, a "**Common Share**") without the payment of any additional consideration or further action, upon satisfaction of certain conditions, including that all conditions to the completion of the TBNG Acquisition have been satisfied (but for the payment of the purchase price). The gross proceeds of the Offering will be deposited in escrow pending the closing of the TBNG Acquisition.

The Corporation will use the net proceeds of the Offering to partially fund the TBNG Acquisition.

If (i) the TBNG Acquisition is not completed on or before the date that is 120 days following the closing date of the Offering, (ii) the Acquisition Agreement is terminated in accordance with its terms at an earlier time, or (iii) Valeura advises the Underwriters or the public that it does not intend to proceed with the TBNG Acquisition, holders of Subscription Receipts will receive, for each Subscription Receipt held, a cash payment equal to the offering price per Subscription Receipt and any interest earned thereon during the term of the escrow.

The Subscription Receipts will be offered by way of private placement exemptions to accredited investors in all provinces of Canada, and in the United States on a private placement basis pursuant to exemptions from the registration requirements of the United States Securities Act of 1933, as amended, and in such other jurisdictions as the Corporation and the Underwriters may determine. The Subscription Receipts (and the underlying Common Shares) will be subject to a four month hold period, under applicable securities laws in Canada. The Offering is expected to close on or about November 3, 2016. Completion of the Offering is subject to certain conditions, including, without limitation, the receipt of all necessary regulatory approvals, including the approval of the Toronto Stock Exchange.

PRELIMINARY 2017 OUTLOOK

The Corporation is targeting to close the Banarli farm-in, the TBNG Acquisition and the West Thrace Deep Rights Sale by year-end 2016 and the Subsequent West Thrace Deep Rights Sale by early 2017. Based on the funds flow associated with these transactions, the Corporation expects to be in a position, on a preliminary basis, to execute a capital expenditure program of approximately \$30 million (net) in 2017 focused on ramping up drilling and production in the shallow formations on the TBNG JV lands and Banarli licences. The Corporation also expects that the Banarli farm-in program, fully funded by Statoil and operated by Valeura, will commence by early 2017.

The preliminary 2017 work program and spending outlook aims to achieve the following key objectives in 2017:

Shallow Gas Business

- Execute a one-rig drilling program to drill 12 to 14 shallow wells on the TBNG JV lands (VLE 81.5% WI) and Banarli licences (VLE 100% WI)
- Achieve corporate average sales volumes in the range of 2,000 to 2,200 barrels of oil equivalent per day ("**boe/d**")(net)
- Target annual average operating netbacks of approximately \$35 per boe, reflecting the recently announced 10% reduction in the BOTAS reference price in Turkey effective October 1, 2016 (priced in Turkish Lira), which is equivalent to approximately \$8.48 per thousand cubic feet ("**Mcf**") at current exchange rates
- Seek resolution of outstanding exploration licence and production lease applications submitted by Valeura and the TBNG JV to the General Directorate of Petroleum Affairs ("**GDPA**") of the Republic of Turkey in 2015

Statoil Banarli Farm-in

- Work closely with Statoil to design and execute the Banarli farm-in program in a safe, environmentally responsible, cost effective and timely way
- Spud the first deep well (4,000 metres) under Phase 1 of the Banarli farm-in by early 2017
- Commence the 3D seismic program under Phase 2 of the Banarli farm-in in May 2017

(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 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.

The reserve estimates provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein.

RESERVE DEFINITIONS

"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.

"Corporation gross reserves" are the Corporation's working interest (operating or non-operating) share before deducting royalties and without including any royalty interests of the Corporation.

"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 and information (collectively referred to herein as "forward-looking information") including, but not limited to: the ability to satisfy the conditions for closing the Banarli Farm-in, the TBNG Acquisition, the West Thrace Deep Rights Sale and the Subsequent West Thrace Deep Rights Sale, including securing Turkish government approvals for the change in control of TBNG and approval from the GDPA for the transfer of various licence interests; the ability to close the TBNG Acquisition and the West Thrace Deep Rights Sale and the expected timing; the ability to close the Subsequent West Thrace Deep Rights Sale and the expected timing; the cash consideration for the TBNG Acquisition after final closing adjustments; the ability to fund the TBNG Acquisition with the proceeds from Statoil under the West Thrace Deep Rights Sale and the Offering; the expected payment of US\$12 million on the closing of the West Thrace Deep Rights Sale, the expected US\$6 million payment on the closing of the Banarli Farm-in and the expected payment of US\$3 million on the closing of the Subsequent West Thrace Deep Rights Sale; the key benefits of the TBNG Acquisition, the West Thrace Deep Rights Sale and the Subsequent West Thrace Deep Rights Sale; the TBNG Acquisition and accretion metrics; the terms of the Offering; the ability to satisfy the conditions for closing the Offering and the expected timing; the ability to ramp-up the drilling program in the shallow formations on the TBNG JV lands and Banarli licences; the prospectivity of the shallow formations on the TBNG JV lands and Banarli licences; the Corporation's preliminary 2017 work program, operational plans (drilling), expected capital expenditures, target production volumes and target operating netbacks; the ability to fulfill the commitment program of spudding four shallow wells on the West Thrace lands by late June 2017; funding for the 2017 work 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 play in the deep formations on the Banarli licences and West Thrace 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.

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; continued safety of operations and ability to proceed in a timely manner; the ability to complete the closing of the Banarli farm-in, the TBNG Acquisition, the West Thrace Deep Rights Sale, the Subsequent West Thrace Deep Rights Sale and the Offering; continued operations of and approvals forthcoming from the GDPA 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 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. 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 GDPA and Turkish government approvals for the transfer of licence interests and the change in control of TBNG in light of the July 2016 failed coup attempt in Turkey and its aftermath, or satisfying other conditions for closing the Banarli farm-in, the TBNG Acquisition, the West Thrace Deep Rights Sale or the Subsequent West Thrace Deep Rights Sale; failure to complete the Offering; failure to realize the key benefits of the TBNG Acquisition, the West Thrace Deep Rights Sale and the Subsequent West Thrace Deep Rights Sale; the risks of currency fluctuations; changes in gas prices and netbacks in Turkey; uncertainty regarding the availability of drilling rigs and associated equipment on the contemplated timelines for shallow drilling and deep drilling; 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 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 commitments 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 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, 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.

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