



Press Release – December 30, 2016

VALEURA ANNOUNCES TURKISH GOVERNMENT APPROVAL OF TRANSFORMATIONAL TRANSACTIONS

Valeura Energy Inc. ("**Valeura**" or the "**Corporation**") (TSX: VLE) is pleased to announce that the Ministry of Energy and Natural Resources of the Republic of Turkey has approved a number of recently announced transformational transactions (each as defined below), including the Banarli Farm-in, the West Thrace Deep Rights Sale and the TBNG Acquisition.

NEXT STEPS

Turkish government approvals of the Banarli Farm-in and West Thrace Deep Rights Sale satisfy certain condition precedents to close these transactions, which will trigger respective payments of US\$6 million and US\$12 million from Statoil to Valeura promptly upon completion of all necessary consents for closing expected by mid-January 2017.

The Turkish government approval of the TBNG Acquisition and the receipt of the above payments from Statoil will pave the way to releasing gross proceeds of approximately \$11 million raised under the Corporation's underwritten private placement offering of subscription receipts (the "**Offering**").

Closing of the TBNG Acquisition will require a payment of approximately US\$18.5 million, after closing adjustments. This payment will be made from a combination of funds flow from the Statoil transactions and the Offering. Closing is currently expected in February 2017.

Following the closing of the TBNG Acquisition, TBNG will proceed with the Subsequent West Thrace Deep Rights Sale (defined below), contingent on Turkish government approval for the associated licence interest transfers. Closing of this transaction is expected early in the second quarter of 2017 and will provide an additional US\$3 million in funds to Valeura.

OPERATIONAL UPDATE

Banarli Deep Program

The work program under the Banarli Farm-in consists of several phases, where the first includes the drilling of an exploration well to at least a depth of 4,000 metres. Funding has been secured from Statoil to purchase long lead equipment, including a high pressure wellhead, casing and other drilling related equipment for this first deep well, which is expected to spud in Q1 2017.

TBNG JV and Banarli Shallow Program

Valeura's preliminary 2017 capital expenditure program on the shallow gas business as disclosed on November 10, 2016 was based on a year-end 2016 closing of the transactions and the availability of the associated funds flow to Valeura. Closing of the transactions has now been delayed to various times in the first quarter of 2017 due to longer than expected timelines to secure Turkish government approvals. As a result, start-up of the 2017 program will be delayed but the plan remains to execute a one drilling rig program in 2017 focussed entirely on the shallow gas business on the TBNG JV and Banarli licences (less than 2,500 metres depth). The Corporation will confirm the program later in the first quarter of 2017 when the transactions have closed, and in the meantime, will continue with all the necessary preparations for an expeditious ramp-up in shallow drilling.

The current outlook for annual average net sales in 2016 remains at approximately 800 barrels of oil equivalent per day as advised on November 10, 2016.

Organization

Closing of the transactions will result in a significant transformation of the Corporation. Not only will Valeura become the operator of the TBNG JV and the shallow gas program on the TBNG JV lands and Banarli licences, but it will also be the operator of the deep farm-in program on the Banarli licences during the earning phase funded by Statoil.

In acquiring TBNG, Valeura will take onboard an operating organization of 52 fulltime employees located in the Tekirdag area of the Thrace Basin. TBNG operates the wells and extensive gathering system, central dehydration and compression facilities, two sales gas lines and connections to 55 individual customers in the area and manages the associated marketing licence.

Valeura has developed a near-term transition plan for TBNG that involves deploying existing management resources to provide in-country operational leadership. Valeura also plans to hire a high potential individual as Chief Operating Officer to be based initially in Turkey post the near-term transition period, and at the same time, review its management structure and overall go-forward staffing plan for the business.

BACKGROUND ON THE TRANSACTIONS AND OFFERING

Farm-in With Statoil

As announced on August 19, 2016, Valeura's wholly-owned affiliate, Corporate Resources B.V. ("**CRBV**"), executed definitive agreements with Statoil Banarli Turkey B.V. ("**Statoil**"), a wholly-owned affiliate of Statoil ASA, for a farm-in agreement for the exploration of the deeper formations below approximately 2,500 metres on Valeura's 100% owned and operated Banarli licences targeting a potential basin-centered gas accumulation ("**BCGA**") play (the "**Banarli Farm-in**").

Under the terms of the Banarli Farm-in, Statoil has the option to earn a 50% participating interest in the deep formations on the Banarli licences by investing in an exploration program that includes payments and carried costs of at least US\$36 million, including a payment of US\$6 million at closing of the transaction as a contribution to back costs incurred on the Banarli licences, and two deep exploration wells and 3D seismic over the next two to three years. Valeura retains a 100% participating interest in the shallow rights and a 50% participating interest in the deeper formations, post Statoil earning, thereby preserving a significant position in the potential upside.

West Thrace Deep Rights Sale

As announced on October 13, 2016, CRBV executed a sale and purchase agreement with Statoil, to initially sell CRBV's current 40% participating interest in the deep formations below approximately 2,500 metres on certain TBNG JV lands (the "**West Thrace lands**") for a cash payment (covering a portion of past exploration costs and asset acquisition) of US\$12 million (the "**West Thrace Deep Rights Sale**"), and upon closing of the TBNG Acquisition, to cause TBNG to sell an additional 10% participating interest to Statoil in the same deep rights for US\$3 million (the "**Subsequent West Thrace Deep Rights Sale**").

Upon the closing of the West Thrace Deep Rights Sale and Subsequent West Thrace Deep Rights Sale, Valeura will retain a 31.5% participating interest and Statoil will have 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 on the West Thrace lands and an 81.5% participating interest in all formations on other TBNG JV lands.

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.

TBNG Acquisition

As announced on October 13, 2016, Valeura Energy Netherlands B.V. ("**VENBV**") executed a share purchase agreement with TransAtlantic Worldwide, Ltd. ("**TWL**") to acquire 100% of the shares of TWL's wholly-owned affiliate, Thrace Basin Natural Gas (Turkiye) Corporation ("**TBNG**"), for US\$22 million effective March 31, 2016, which after closing adjustments is expected to be reduced to approximately US\$18.5 million at the targeted closing in February 2017 (the "**TBNG Acquisition**").

TBNG is party to a joint venture (the "**TBNG JV**") with CRBV and Pinnacle Turkey Inc. ("**PTI**") whereby TBNG is the operator and holds a 41.5% participating interest in the TBNG JV lands, with CRBV and PTI holding the remaining 40% and 18.5% participating interests, respectively. Valeura (through CRBV) acquired its 40% interest in the TBNG JV in 2011, and the TBNG Acquisition will increase Valeura's participating interest in the TBNG JV to 81.5% (subject to the West Thrace Deep Rights Sale) and establish Valeura as the operator. PTI has provided its consent to the TBNG Acquisition and will retain its 18.5% participating interest in the TBNG JV.

Underwritten Private Placement Offering

As announced on October 13 and 14, 2016, Valeura entered into an agreement with Cormark Securities Inc. as lead underwriter, and on behalf of a syndicate of underwriters including GMP FirstEnergy (collectively, the "**Underwriters**"), pursuant to which the Corporation sold and the Underwriters purchased, on an underwritten private placement basis 14,629,000 subscription receipts of the Corporation (the "**Subscription Receipts**") at a price of \$0.75 per Subscription Receipt for total gross proceeds of approximately \$11 million (the "**Offering**"). The Offering closed on November 3, 2016 and the gross proceeds are currently being held in escrow pending satisfaction of the Escrow Release Conditions (defined below).

Each Subscription Receipt represents the right to receive one common share of the Corporation, without the payment of any additional consideration or further action, upon satisfaction of certain conditions (the "**Escrow Release Conditions**"), including that all conditions to the completion of the TBNG Acquisition have been satisfied (but for the payment of the purchase price). If (i) the TBNG Acquisition is not completed on or before March 3, 2017, (ii) the

TBNG 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 return of the cash payment equal to the offering price per Subscription Receipt and any interest earned thereon during the term of the escrow.

Valeura will use the net proceeds, once released from escrow, to partially fund the TBNG Acquisition and to ramp-up the planned shallow gas drilling program on the TBNG JV lands and Banarli licences in 2017.

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.

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 outlook for annual average net sales in 2016; the ability to satisfy the conditions for closing the Banarli Farm-in, the TBNG Acquisition and the West Thrace Deep Rights Sale and the Subsequent West Thrace Deep Rights Sale, including securing Turkish government approval for the transfer of licence interests under the Subsequent West Thrace Deep Rights Sale; the ability of Statoil to obtain Turkish government approval for a VAT exemption certificate; 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 US\$6 million payment on the closing of the Banarli Farm-in, the expected payment of US\$12 million on the closing of the West Thrace Deep Rights Sale and the expected payment of US\$3 million on the closing of the Subsequent West Thrace Deep Rights Sale; the ability to satisfy the Escrow Release Conditions and the expected timing; the expected spud date of the first well under the Banarli Farm-in; the ability to ramp up the drilling program in the shallow formations on the TBNG JV lands and Banarli licences; the planned drilling and 3D seismic program under the Banarli Farm-in and timing thereof; and, the potential for a BCGA 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; the ability to close the Banarli Farm-in, the TBNG Acquisition, the West Thrace Deep Rights Sale and the Subsequent West Thrace Deep Rights Sale and to satisfy the Escrow Release Conditions; continued operations of and approvals forthcoming from the GDPA in a manner consistent with past conduct; and, the prospectivity of the of the TBNG JV lands and Banarli licences, including the deep potential. 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. 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 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 satisfy the Escrow Release Conditions; 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; and, potential changes in laws and regulations. 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.

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

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