



Press Release – October 17, 2017

## VALEURA ANNOUNCES YAMALIK-1 TESTING PROGRAM AND OPERATIONAL UPDATE

Valeura Energy Inc. ("**Valeura**" or the "**Corporation**") (TSX: VLE) is pleased to announce agreement with Statoil Banarli Turkey B.V. ("**Statoil**") on the scope and budget for the completion, multi-stage fracturing and flow testing program for the Yamalik-1 well (the "**Yamalík-1 Testing Program**"). The well is the first deep exploration well under Phase 1 of the Banarli farm-in agreement with Statoil (the "**Banarli Farm-in**") and was drilled to a depth of 4,196 metres. Interpretation of the extensive drilling and wireline logging data from the Yamalik-1 well provided further positive indicators of the potential for a basin-centred gas play in the Thrace Basin of Turkey. Valeura currently holds interests in a large land position of 0.5 million gross acres in the Thrace Basin, of which approximately 0.2 million gross acres may be prospective for this play. Equipment is currently being mobilized to the Yamalik-1 well site and the Yamalik-1 Testing Program is expected to commence during November 2017.

### YAMALIK-1 TESTING PROGRAM AGREED

The Yamalik-1 Testing Program has been designed to reflect the positive drilling results and extent of net pay identified on wireline logs. As the first deep well to be extensively tested in pursuit of a basin-centered gas play in the Thrace Basin, the program is targeting to maximize information on reservoir properties and flow capability of several high-graded intervals.

The key elements of the program are as follows:

- Four production tests are planned with two frac stages per test interval (eight stages in total)
- The duration of the Yamalik-1 Testing Program is expected to be approximately 60 days
- The estimated all-in cost of the Yamalik-1 Testing Program is US\$10.3 million, to be funded 100% by Statoil up to a cap of 110% of the budget. This level of cost is reflective of the extensive and detailed information gathering and is not expected to be representative of cost in a development well.

If the aggregate flow test results are sufficiently positive, it is planned to tie-in the well to Valeura's existing pipeline and facility infrastructure to enable a long-term production test, while at the same time generating additional natural gas sales.

### RECORDING COMPLETED ON BANARLI 3D SEISMIC PROGRAM

Under Phase 2 of the Banarli Farm-in, Statoil is required to fully fund US\$10 million on 3D seismic acquisition and processing.

The recording stage of the Karaca 3D seismic program under Phase 2 commenced on June 18, 2017 and was completed on September 20, 2017 within the planned timeline and budget. Approximately 500 square kilometres of 3D seismic has been acquired. This increases Valeura's 3D seismic coverage on its acreage in the Thrace Basin to more than 1,300 square kilometres.

Processing of the new 3D seismic is underway and should be completed late in Q1 2018. However, faster processing approaches are being assessed, which would provide early preliminary data to support planning for the 2018 deep drilling program. This program is expected to include the Phase 3 well under the Banarli Farm-in.

The new 3D seismic will also be used by Valeura to build on its portfolio of shallow gas prospects.

### RESOURCE ASSESSMENT FOR BASIN-CENTERED GAS PLAY UNDERWAY

Given the positive results from the Yamalik-1 well, Valeura has commissioned DeGolyer and MacNaughton ("**D&M**") of Dallas, Texas to provide a resource assessment under the Canadian Oil and Gas Evaluation Handbook and in accordance with National Instrument 51-101, *Standards of Disclosure For Oil and Gas Activities* for the potential basin-centered gas play underlying Valeura's significant acreage position in the Thrace Basin. D&M has been Valeura's independent reserves evaluator since the Corporation was formed. Completion of this resource assessment will be timed to incorporate the results from the Yamalik-1 Testing Program.

## **OUTLOOK**

The Corporation has always viewed the deep basin-centered gas play as providing the most significant upside potential in its asset portfolio. The Yamalik-1 Testing Program will be important in shedding additional light on this potential. Preliminary plans to further delineate the basin-centered gas play in 2018 are being developed. Under the Banarli Farm-in, Statoil must drill, complete and test one additional deep well to earn its 50% interest in the deep rights on the Banarli licences.

The Corporation continues to believe there is a meaningful conventional shallow gas business in the Thrace Basin where it holds interests in 0.5 million gross acres of land. Following the acquisition of Thrace Basin Natural Gas (Turkiye) Corporation ("**TBNG**") in early 2017, Valeura holds participating interests of 81.5 to 100% in the shallow rights on these lands. In Q3 2017, Valeura's conventional shallow gas business delivered net petroleum and natural gas sales averaging 1,024 barrels of oil equivalent per day (99% natural gas), up almost 10% from Q2 2017. The 2018 conventional drilling program will be determined once the new Karaca 3D seismic is integrated with the lessons learned from the shallow gas drilling and tight gas fracing programs over the past six years.

In managing the business, the Corporation remains committed to safe operations and ensuring that operational and administrative functions are conducted in the most cost efficient way.

Turkey remains a very attractive place to do business, with a competitive fiscal and royalty regime. There is a ready domestic market for any increased natural gas sales as Turkey has experienced some of the fastest growth in energy demand since 2010 among OECD countries and currently imports more than 99% of its consumption. Natural gas prices are about double those in North America with Valeura's natural gas price realization being \$6.98 per thousand cubic feet in Q3 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 ("**bbl**") of oil or natural gas liquids, or 6.0 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.

## **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 design, elements and costing of Yamalik-1 Testing Program and the expected timeline; the potential to tie-in and conduct a long term production test and achieve natural sales from the Yamalik-1 well; the final cost and timeline to complete the processing of the Karaca 3D seismic and the potential to provide early preliminary processing results to facilitate planning; the preparation of the D&M resource assessment and the timing thereof; the potential for a basin-centered gas play and its extent on Valeura's lands in the Thrace Basin; management's belief regarding the Corporation's shallow gas business in the Thrace Basin; and the determination of the Corporation's 2018 conventional and deep drilling programs. 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 and April 2017 constitutional referendum; continued safety of operations and ability to proceed in a timely manner; continued operations of and approvals forthcoming from the Turkish government 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. 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 resources 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 currency fluctuations; changes in gas prices and netbacks in Turkey; uncertainty regarding the contemplated timelines for the Yamalik-1 Testing Program and Karaca 3D seismic processing; 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 Turkey's constitution, political leaders or parties or a resurgence of a coup or other political turmoil; the uncertainty regarding government and other approvals; counterparty risk; 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 2016 AIF 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)

Jim McFarland, President and CEO  
Valeura Energy Inc.  
(403) 930-1150  
[jmcfarland@valeuraenergy.com](mailto:jmcfarland@valeuraenergy.com)

Sean Guest, COO  
Valeura Energy Inc.  
(403) 930-1172  
[sguest@valeuraenergy.com](mailto:sguest@valeuraenergy.com)  
[www.valeuraenergy.com](http://www.valeuraenergy.com)

**Neither the Toronto Stock Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Toronto Stock Exchange) accepts responsibility for the adequacy or accuracy of this news release.**

**NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR  
DISSEMINATION IN THE UNITED STATES**