



**STRONG AND POISED  
FOR VALUE GROWTH**

**CORPORATE PRESENTATION**

**DECEMBER 2020**

# Advisories

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Statements related to "reserves" and "prospective resources" are deemed forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the prospective resources can be profitably produced in the future. Specifically, forward-looking information contained herein regarding "prospective resources" may include estimated volumes of prospective resources and the ability to finance future development.

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; 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 deep unconventional gas play and shallow gas plays on the TBNG joint venture lands and Banarli licences; the continued favourable pricing and operating netbacks in Turkey; future production rates and associated operating netbacks and cash flow; future sources of funding; 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. In addition, the Corporation's work programmes 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, reservoir stimulation and other specialised oilfield equipment and service providers, changes in 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. 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 timelines and costs for the deep evaluation in 2018 and 2019; 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; the risk associated with international activity; and, the uncertainty regarding the ability to fulfil the drilling commitment on the West Thrace lands. The forward-looking information included in this presentation 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 the 2017 AIF for a detailed discussion of the risk factors. Past performance is not a guide to future performance.

**RESERVES LIFE:** Reserves life is a measure of the volume of the Corporation's reserves divided by the annual average production.

**NOTE REGARDING INDUSTRY METRICS:** Boes, recycle ratios and reserve life are industry metrics which do not have standardised meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included herein to provide readers with additional information to evaluate the Corporation's performance; however, such measures are not reliable indicators of the future performance of the Corporation and future performance may not compare to the performance in previous periods and therefore such metrics should not be relied upon.

**ANALOGOUS INFORMATION:** Certain information in this presentation may constitute "analogous information" as defined in NI 51-101 with respect to the number of wells drilled, first year average production per well, initial production rates, EUR and production declines with respect to fields that have similar reservoir quality, depth, pressures and evidence of natural and stress induced fracturing to the Corporation's BCGA play. Management believes such information may be relevant to help demonstrate the potential of and the basis for Corporation's business plans and strategies with respect to its BCGA play. There is no certainty that the results of the analogous information or inferred thereby will be achieved by Valeura and such information should not be construed as an estimate of future production levels, reserves or the actual characteristics and quality of the BCGA play.

# Valeura overview

## STRONG PLATFORM

- Cash / no debt on balance sheet
- Talented team, the right skills
- Disciplined growth strategy

## POISED FOR VALUE GROWTH

- Shares are undervalued vs cash
- Value opportunity through M&A
- Option value of deep tight gas in Turkey

*Valeura Energy Inc. is an upstream oil & gas company  
with a clear strategy to add value for shareholders*

*The Company has cash and no debt,  
positioning it to capture value-driven M&A opportunities,  
and substantial upside potential through an operated, tight gas play in Turkey*

# Shares trading below cash

## Balance Sheet Now

<b>Debt</b>	nil
<b>Cash</b>	<b>US\$ 31.3 MM<sup>1</sup></b>
	<i>Cash ~C\$0.47/share<sup>2</sup></i>

## Sale Proceeds

**+US\$ 15.5 MM<sup>3</sup>**

## Balance Sheet Q1 2021e

<b>Debt</b>	nil
<b>Cash</b>	<b>~US\$ 47 MM</b>
	<i>Cash in Q1 2021 ~C\$0.70/share<sup>2</sup></i>

## Capital Market Summary

**Shares o/s** 86.6 MM

**Market Cap** US\$31.3 MM<sup>4</sup>

**Domicile** Canadian

**Dual-listed** TSX:VLE, LSE:VLU

**Liquidity<sup>7</sup>** ADTV 375k shares/day<sup>5</sup>

**Widely-held** One ~20% shareholder (Baillie Gifford), next largest <5%

*Current Share Price ~C\$0.47/share<sup>4</sup>*

1. As of September 30, 2020

2. Based on 86.6 million basic shares outstanding, converted 1.314 C\$/US\$ as of November 13, 2020

3. Anticipated cash consideration for sale of shallow conventional assets upon closing, anticipated in Q1 2021. Additional royalty payments will add US\$1.0 million to US\$2.5 million over five years.

4. Based on TSX closing price of C\$0.47/share and

exchange of 1.298 C\$/US\$ as of November 27, 2020

5. 30-day average daily trading volume as of November 27, 2020 (Canadian consolidated + LSE)

# Talented Team with the Right Skills

## Dr. Sean Guest, President and CEO

- Past CEO of Pexco – Private 10,000 bbl/d oil and gas producer operating in Indonesia, Malaysia, Australia & Ethiopia
- International experience with Shell, Woodside: Libya, Egypt, Netherlands
- Proven track record of building value across the whole value chain from new business through development and production

## Dr. Tim Marchant, Chairman

- An expert in international operations and foreign growth strategy
- International executive positions with Amoco/BP: Egypt, Saudi Arabia, Abu Dhabi, Kuwait
- Director of Vermilion Energy and Transglobe Energy

## Heather Campbell, CFO

- History of managing international companies through major growth phases
- Finance, treasury, and risk management experience with Gran Tierra and the international groups of Encana and the Alberta Energy Company

## Gordon Begg, VP Commercial

- Deep technical engineering and commercial skillset, with an international focus: Canada, Indonesia, Poland, Turkey, and the North Sea
- Managed successful oil and gas developments onshore and offshore with Phillips Petroleum and Talisman

## Rob Sadownyk, VP Exploration

- Extensive experience in basin evaluation and prospect generation across numerous opportunities in MENA, Europe and South America
- Successful track record of growth through drill bit in senior roles with Vermilion Resources and Canadian Hunter Exploration

## Tim Chapman, Director

- International capital markets specialist
- Past head of international oil and gas with RBC Capital Markets
- Expert advisor on M&A transactions and capital raises, founder of Geopoint Advisory

## Russell Hiscock, Director

- Portfolio management specialist with particular emphasis on oil and gas
- Past President and CEO of one of Canada's largest pension funds

## Jim McFarland, Director

- Former President and CEO, co-founder of Valeura
- Co-founded, built, and sold Verenex Energy: Libya
- Past director of international success stories: Vermilion, Aventura, Southern Pacific
- Multi-decade career of senior leadership roles with domestic and international E&Ps: Imperial, Exxon, Husky and Southern Pacific

## Ron Royal, Director

- Multi-decade experience with international units of Exxon - focus on production in Africa and Europe: Chad, Cameroon, France
- Director of Gran Tierra, past director of Caracal, Oando, Esso Chad, and others

## Kimberley Wood, Director

- Legal specialist in international oil and gas M&A
- Past head of Europe/Middle East oil and gas practice at Norton Rose Fulbright LLP, London
- Director of Energean, Africa Oil, and Gulf Keystone

*Diverse and experienced international team*

# Disciplined Growth Strategy

Strategy

## Maximise value of the conventional gas business

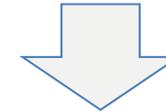
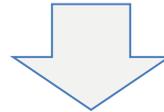
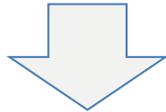
- Mature conventional gas production
- 615 boe/d production<sup>1</sup>
- **Monetised through sale announced October 20, 2020 for US\$15.5 MM plus royalty<sup>2</sup>**

## Grow through M&A in the near/mid-term

- Strong financial position, bolstered by conventional asset sale
- Favourable M&A environment
- Internationally experienced team

## Pursue longer-term upside in deep, tight gas play

- Very large prospective resource base, 20.0 Tcfe<sup>3</sup> with local infrastructure and market
- Gas proven across the basin with recent >US\$100 million exploration/appraisal programme



## Close sale in Q1 2021

- Consideration of US\$16.5 – 18.0 MM (including royalty payments)<sup>2</sup>
- Anticipate cutting G&A approximately in half
- All decommissioning liabilities assumed by buyer

## Focused growth lens

- Greater Mediterranean region
- Focus on risk-adjusted cash returns
- Follow-on growth potential is mandatory

## Secure farm-in partner and continue appraisal

- Recent drilling indicates target reservoir sweet spot matched with the “dry gas window”
- Appraisal well locations ready

Priority

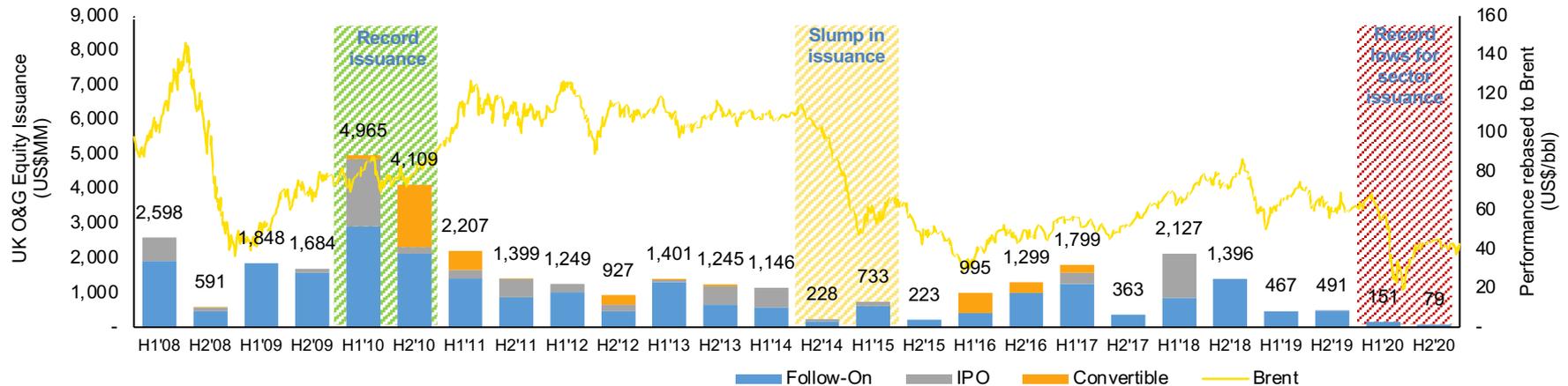
1. Q3 2020 average production rate
2. Includes US\$15.5 MM cash consideration, plus royalty payments between US\$1.0 and US\$2.5 MM
3. Valeura working interest, unrisks recoverable natural gas prospective resource per D&M report as of Dec. 31, 2018, adjusted for working interest after Equinor withdrawal in Q1 2020.



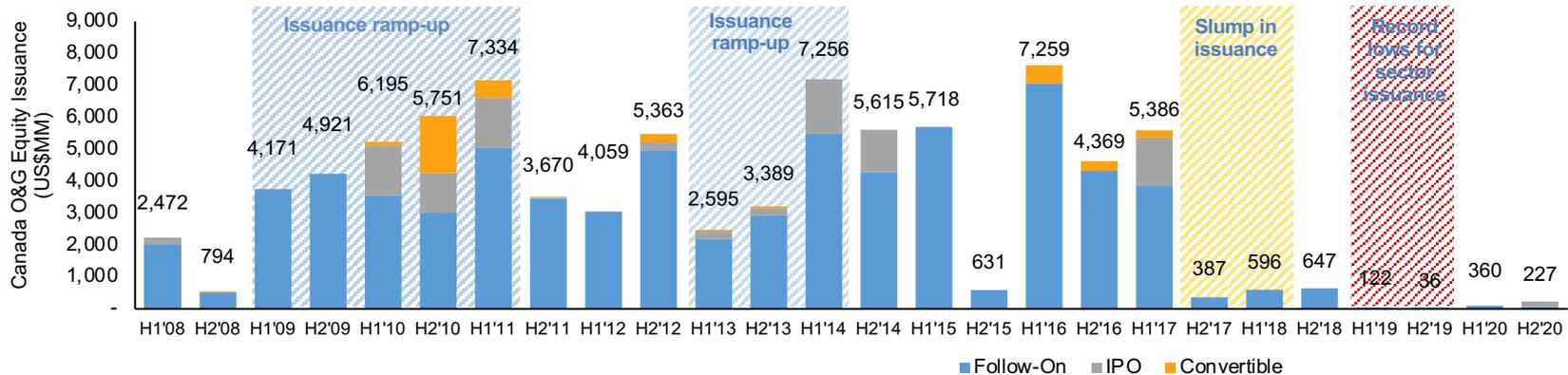
# Capital Markets at Historic lows for Oil & Gas

- Equity markets are generally not available for the E&P sector
- Distressed companies will need to look elsewhere to solve funding and leverage challenges
  - Consolidation, strategic asset sales, high-yield debt, etc.
- Companies with cash resources and no debt are opportunely positioned to be acquirers

## UK O&G Equity Issuance (2008 – present)



## Canadian O&G Equity Issuance (2008 – present)

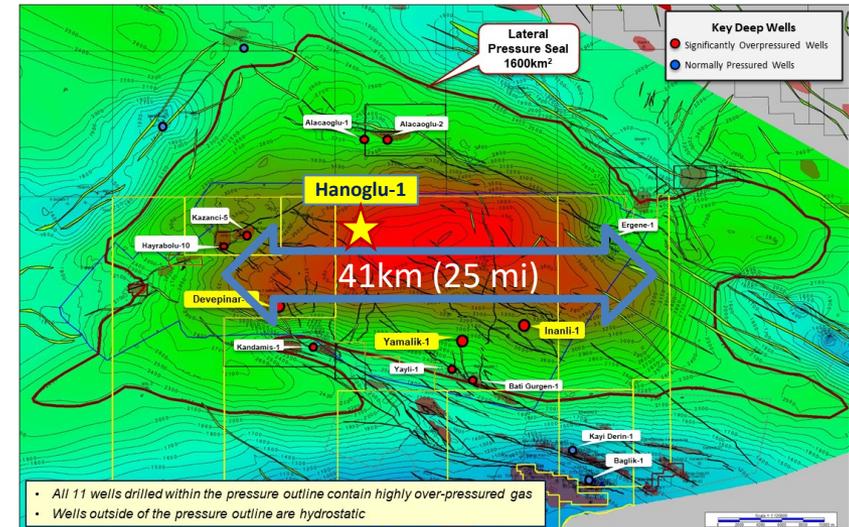


Data compiled courtesy of RBC Capital Markets (Bloomberg Nov. 2020)

# Material Upside from 20 Tcfe<sup>1</sup> Deep, Tight gas Play

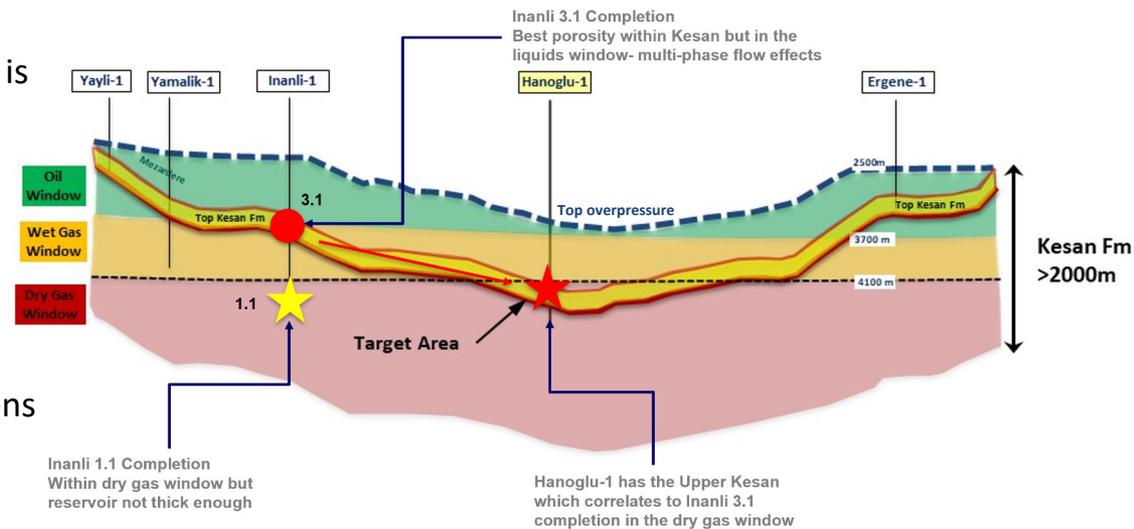
## Very large proven play

- 41 km wide significantly overpressured gas play fairway (0.8 psi/ft) proven by 11 deep wells
- Large play area of ~1,600 km<sup>2</sup> (395,000 acres)
- Valeura acreage covers ~80% of play, average WI 83%
- Gas trapped in tight sand reservoir below 2,500 metres
- Material opportunity with 20 Tcfe gas<sup>1</sup>
- Excellent technical dataset, based on >US\$100 million appraisal spending to date – seismic, core, and three wells drilled, fracked and tested (Yamalilik-1, Inanli-1, Devepinar-1)



## Forward plan

- Significant in place gas is proven – objective is to prove sustainable commercial flow rates
- Target sweetspot where best reservoir (upper Kesan Fm) overlaps the dry gas window (highest pressure & best gas flows)
- Hanoglu-1 top appraisal location identified and submitted to government for approval together with three other sweetspot locations
- Secure a partner
- Resume drilling in 2021



1. Valeura working interest, unrisks recoverable natural gas prospective resource per D&M report as of Dec. 31, 2018, adjusted for expected working interest after Equinor withdrawal in Q1 2020, subject to government registration.

# Excellent fiscal terms underpin project scope

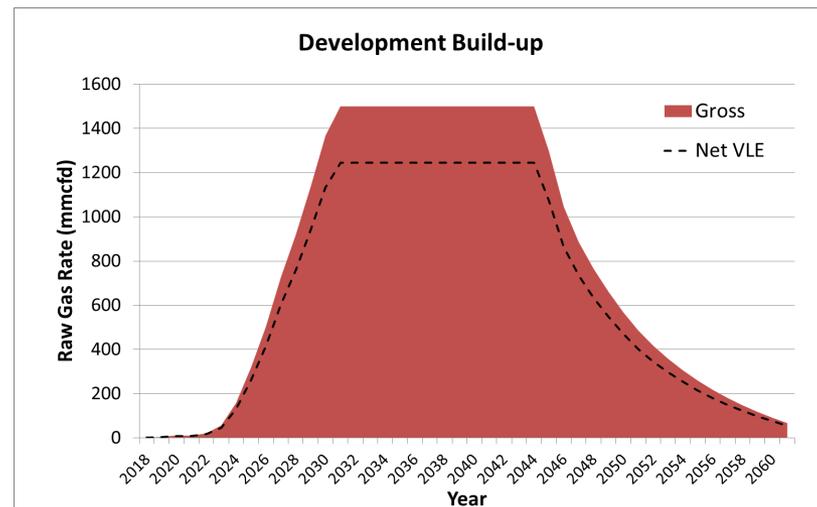
- Illustrative production profile to recover **12.5 Tcf** (D&M risked gross):
- Gross plateau production : 1.5 Bcf/d
- Valeura net plateau of 1.24 Bcf/d
- Valeura net annual revenue of >US\$3 billion during plateau - based on approx. US\$6/Mcf gas price

## Turkey Gas Investment Characteristics

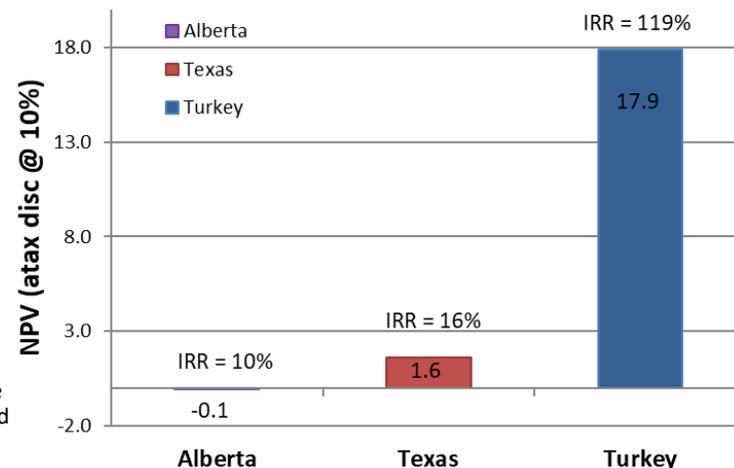
- High and stable gas prices
  - US\$6.28/Mcf year-to-date realised price (to end Q3 2020)
  - Strong demand and a local light industrial market
- Favourable fiscal terms
  - 12.5% Royalty and 22% Corporate Tax
- Excellent business environment
  - Valeura 10-year relationship in Turkey with government
  - A stable and secure environment in the far north west of Turkey
  - Strong desire to reduce reliance on foreign gas imports (currently 98% of total gas consumed is imported)

Graphs are based on management estimates. Notes:

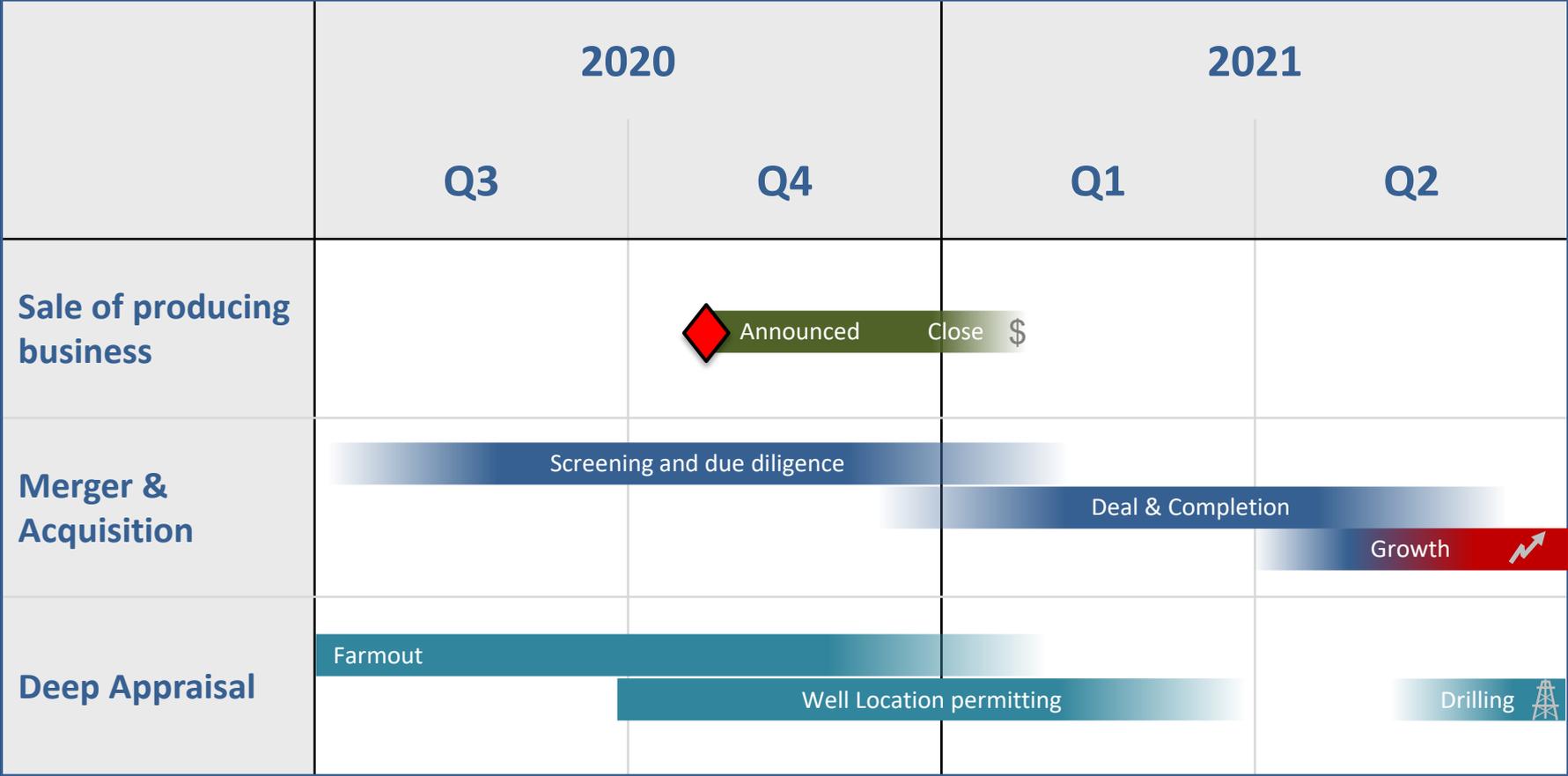
1. Generic curve for unconventional production: 83% decline in Year 1, condensate gas ratio of 31.3 bbls/MMcf
2. All net present values after tax, discounted at 10%, midyear. Costs escalated at 1.5%/year
3. Product price assumptions: Turkey: US\$7/MMbtu escalated at 2.9%/year, US\$65/bbl condensate price escalated at 1.5%/year, Texas: US\$2.80/MMbtu Henry Hub and US\$64/bbl, prices escalated at 1.5%/year, Alberta: CAD\$1.55/MMbtu AECO and US\$64/bbl, prices escalated at 1.5%/year
4. Royalty rate for Texas assumed 22.5% freehold
5. Well economics based on capital of US\$9 million/horizontal well and EUR of 7.7 Bcfe



## Comparison of Well Economics - Mid Case



# Potential News Flow



# Valeura Summary

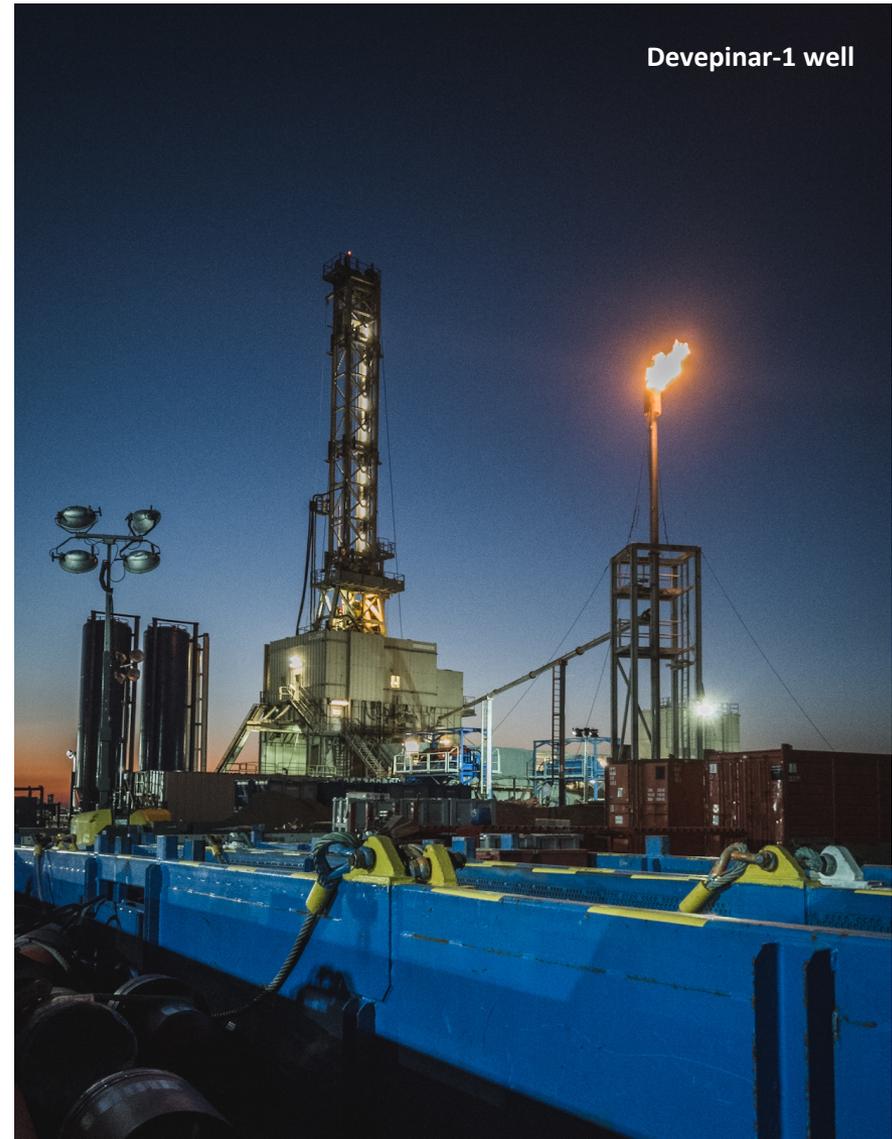
## STRONG POSITION

- **Strong balance sheet**
  - US\$31.3 MM cash, growing to ~\$47 MM in Q1 2021<sup>1</sup>
- **Experienced international team**
  - A particular focus on Middle East, North Africa, Europe
- **A clear strategy**

## POISED FOR VALUE GROWTH

- **Shares are trading at approximately cash value**
  - Trading below cash and shallow sale value
- **The right time to build a portfolio through M&A**
  - Equity markets not available to the sector
  - Valeura is well-positioned to add value as an acquirer
- **Longer-term value upside through large tight gas play**
  - 20 Tcfe resource in Turkey gas play<sup>2</sup>
  - Clear plan for next phase of appraisal activity

1. Q3 2020 cash position, plus anticipated proceeds from conventional asset sale
2. Valeura working interest, unrisked recoverable natural gas prospective resource per D&M report as of Dec. 31, 2018, adjusted for working interest after Equinor withdrawal in Q1 2020.





## Key Spokespersons

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