



**Valeura Energy Inc.**

**Valeura Annual and Special Meeting**

**SPEAKERS' SCRIPT**

**Calgary, May 13, 2021:** The following is the speakers' script for the Valeura Energy Inc. Annual and Special Meeting of shareholders, held on May 13, 2021. An audio replay of the meeting webcast is available with the link:

[https://produceredition.webcasts.com/starthere.jsp?ei=1438362&tp\\_key=e24b5dd660](https://produceredition.webcasts.com/starthere.jsp?ei=1438362&tp_key=e24b5dd660)

**Speakers:**

Tim Marchant, Chairman  
Sean Guest, President & Chief Executive Officer  
Heather Campbell, Chief Financial Officer

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**Operator**

Good afternoon ladies and gentlemen, and welcome to the Valeura Energy Inc. Annual and Special Meeting of shareholders. At this time all lines are in listen-only mode. Following the presentation we'll conduct a question and answer session. IF at any time you require immediate assistance, please press \* 0 for the operator. This call is being recorded on May 13<sup>th</sup>, 2021. I would now like to turn the conference over to Tim Marchant. Please go ahead.

**Tim Marchant**

Good morning everyone. It is now 3:00 p.m. mountain daylight time and I will ask that this meeting come to order. My name is Tim Marchant and I am the Chairman of the Board of Directors of Valeura. I will act as the Chair for today's meeting. On behalf of Valeura, I welcome you to today's meeting. I would also like to welcome those shareholders and others listening via the live audio webcast.

To follow the legal requirements of federal and provincial health authorities with respect to COVID-19, we made the decision to hold this meeting virtually. Although we are unable to physically meet, we have attempted to replicate, as best we can, our regular meeting environment in a virtual format and plan on returning to our regular meeting format next year.

Registered shareholders and duly appointed proxyholders who have registered with us prior to today's meeting were given the opportunity to participate in the meeting. Others who have logged onto this webcast will be able to listen to the meeting.

We look forward to returning to our regular meeting format next year and appreciate your understanding.

Before we proceed with the formal business of today's meeting, I would like to introduce the limited number of directors and officers of Valeura who are participating in this webcast: Sean Guest (Director, President and CEO); Heather Campbell (CFO); and Robin Martin (IR Manager).

In light of COVID-19, we requested that all other members of our board and management team listen to today's live audio webcast.

In accordance with the by-laws of Valeura, Stephanie Stimpson, our Corporate Secretary and a partner of Torys LLP, will act as the Secretary for today's meeting and I appoint the representatives of Computershare Trust Company of Canada to act as the Scrutineers.

The Notice calling this meeting, the Information Circular, a Form of Proxy and a Mailing Request Form were mailed to all registered shareholders on April 7, 2021. The declaration of mailing is available for inspection by any shareholder, and I would ask that the secretary file a copy of such with the minutes.

I have been advised by the Scrutineers that quorum has been met for the meeting. The Scrutineer's Report is available for inspection by any shareholder, and I would ask that the secretary file a copy of such with the minutes.

With that said, I declare this meeting regularly called and properly constituted for the transaction of business.

For convenience, we have divided today's meeting into two parts. The first part will deal with the formal business of the meeting. The second part will consist of a presentation by Sean Guest, our President and CEO, on the operations of Valeura, which will be followed by questions from the dial-in audience.

To facilitate the timely completion of the formal business, arrangements have been made with certain shareholders to move and second the resolutions to be considered.

All votes have been conducted by way of ballot.

The first item of business is the presentation of the 2020 audited financial statements of Valeura and the auditor's report thereon. The financial statements are available on SEDAR and have been sent to those shareholders who have requested copies.

The next item of business is the appointment of the auditors.

May I please have a motion for such business?

**Sean Guest**

Mr. Chair, I move that KPMG LLP be appointed as the auditors of Valeura to hold office until the close of the next annual meeting or until their successors are appointed, at such remuneration as may be determined by the board.

**Tim Marchant**

Is there a seconder?

**Heather Campbell**

Mr. Chair, I second the motion.

**Tim Marchant**

Any discussion? [Pause.]

I am advised by the Scrutineers that the motion has been carried by the necessary majority. Accordingly, I declare the motion carried.

The next item of business is the election of the directors.

Valeura has nominated seven directors for election and did not receive any nominations from shareholders in accordance with our by-laws. Accordingly, I will now receive the Corporation's director nominations.

**Heather Campbell**

Mr. Chair, I nominate the following for election as directors of Valeura: William Sean Guest; Timothy R. Marchant; James D. McFarland; Ronald W. Royal; Russell J. Hiscock; Kimberley K. Wood; and Timothy Chapman.

**Tim Marchant**

May I now have a motion for such business?

**Sean Guest**

Mr. Chair, I move that the Corporation's director nominees be elected as directors of Valeura to hold office until the close of the next annual meeting or until their successors are elected or appointed.

**Tim Marchant**

Is there a seconder?

**Heather Campbell**

Mr. Chair, I second the motion.

**Tim Marchant**

Any discussion? [Pause.]

I am advised by the Scrutineers that each director nominee has received greater than 50% of the votes cast in favour of his or her election as required by our majority voting policy. Accordingly, I declare the motion carried and that each nominee has been elected as a director

The next item of business is the approval of the shareholder rights plan of Valeura.

May I please have a motion for such business?

**Sean Guest**

Mr. Chair, I move that the resolution on page 18 of the Information Circular to approve the shareholder rights plan be approved.

**Tim Marchant**

Is there a seconder?

**Heather Campbell**

Mr. Chair, I second the motion.

**Tim Marchant**

Any discussion? [Pause.]

I am advised by the Scrutineers that the motion has been carried by the necessary majority. Accordingly, I declare the motion carried.

The last item of business is the confirmation of the amended and restated by-laws of Valeura.

May I please have a motion for such business?

**Sean Guest**

Mr. Chair, I move that the resolution on page 18 of the Information Circular to approve the shareholder rights plan be approved.

**Tim Marchant**

Is there a seconder?

**Heather Campbell**

Mr. Chair, I second the motion.

**Tim Marchant**

Any discussion? [Pause.]

I am advised by the Scrutineers that the motion has been carried by the necessary majority. Accordingly, I declare the motion carried.

That now concludes the formal business of this meeting. I know that we all look forward to talking to you next year when we intend to return to holding our annual meeting in person. I declare the formal part of the meeting terminated and thank you all for attending.

Now that the formalities are completed, Sean Guest, our President and CEO, will provide an update on Valeura's operations. At the end of the presentation, and with the help of the operator, we'll take any questions you may have. Over to you Sean.

**Sean Guest**

Thank you very much, Tim. I'd like to welcome everyone and say good afternoon to those of you joining in Canada and good evening to those who are here with me in the UK.

For the presentation today I'm not going to speak directly to our corporate presentation, but will instead just provide my thoughts on the current state of our company and what we think the future holds for us. Nevertheless, we have made an updated corporate presentation available on our website and on the player screen for those who are joining through the webcast. Before beginning, I'll draw your attention to one of those slides— slide 2 covers our disclaimer and advisories, which I would suggest you to read at your leisure. Thank you.

This morning, we announced our Q1 operating and financial results. However, for those of you who have been following the Company, you'll recognise that the real story is not about the operations, but about the sale of our conventional gas producing business in Turkey.

Last week we received Turkish government consent for the sale, which was the last outstanding condition to complete the deal. We are now able to work with the buyer to finalise closing adjustments and proceed to closing which we expect to happen in the next couple weeks. Bringing this deal to a close will boost Valeura's cash position by more than 50%, to about \$44 million US dollars. Additionally, we will receive royalty payments, which will ultimately total between \$1 and \$2.5 million US dollars, over the next 5 years.

So first I'd like to comment on value. \$44 million US dollars in cash equates to about \$53 million Canadian, or 64 Canadian cents per share. We are currently at about a 25% discount to that cash position.

I'll also remind you that we have no debt, and with the sale, we expect our G&A will drop even further. So, our war chest is stocked, and we're ready to tackle something new.

Having sold the shallow assets, our priority now shifts to growth and M&A. I can tell you that Valeura has been very active working on and bidding on a number of deals in 2020 and into 2021. However, I hope you can appreciate that it has been a struggle in the past 7 month period, while we were waiting the approval of our sale. While this deal solidifies our cash value, it also means that the assets of the Company become very clear going forward. Deals require certainty and with this new clarity, it makes it far easier to negotiate relative values between Valeura and other companies.

I have taken questions from a number of shareholders recently who feel we have missed the opportunity in 2020 given the very low commodity prices. And while it would have been great to be able to complete a deal at the low of \$20 dollars per bbl oil, the reality was that there's been very little deal activity internationally during the COVID pandemic. 2020 was a record low year for global M&A deals. Fortunately, that's changing now, and we're starting to see the beginnings of a more "normal" transaction environment, with a couple equity fund raises in the market, and for the right opportunity, even seeing companies access the debt market.

I will note for those of you in Canada, that Canada has been leading the way in consolidation in the oil and gas industry. We firmly believe that this trend is coming to the international energy business.

Valeura has been very active in the M&A space and we are currently evaluating several high-graded opportunities. We're upbeat about the opportunity set. We believe that closing of the shallow sale will facilitate moving these deals forward and it allows our management team to fully focus on M&A. We're being aggressive, but we will not compromise our screening and evaluation criteria in the name of getting a deal completed prematurely. The objective is to grow the business by adding near term production and

more importantly cash flow. We want to create an opportunity for the Company to have cashflows that allow it to create a balance between return of cash to shareholders, and further reinvestment for growth.

We continue pursuing our deeper, tight gas appraisal play in Turkey. We remain committed to this play, and to Turkey, and nothing to date has shaken our view in the size of the prize of approximately 20 Tcf of potential gas resource.

Our priority is to secure a suitable farm-in partner to participate in the play. Similar to the record low M&A environment in 2020, our farmout process has, not surprisingly, been even more challenging. Any company looking to do a deal over the past year has been seeking stable production, not appraisal opportunities with significant upside. But this is changing too with increasing commodity prices and a return of energy to the market. Our deep, tight gas play has the added advantage of being a low carbon energy source, which is on western Europe's doorstep, and with the potential to add material scale. The deep play remains a core part of our portfolio, and a source of potential value in the longer term.

When we have a partner in place, we'll be ready to move forward quickly. We have permitted several well locations, chasing what we believe will be the best sweet spots in the play. That is, moving toward the centre of the basin, where we believe the highest quality reservoir coincides with the dry gas window. In the mean time, holding costs for our licences that hold the deep assets are very low, meaning we're not at risk of expiries or relinquishments.

So, in conclusion, I'll just wrap up by saying:

First - We've accomplished our objective to maximise the value of our conventional gas producing business. With the final government consent now in hand, we are closing that deal which will take our cash position to ~ \$44 million US dollars.

Second – The closing of the shallow sale frees up our management team to fully focus on our M&A portfolio, and more importantly, solidifies Valeura's cash and asset base, which will facilitate negotiations with counter parties. We have been very active in this space, and as the world claws its way out of the COVID pandemic, we see a better transaction climate emerging as companies start to look to the future. We are in a strong position to make something happen on this front that will yield near-term production and cash flow, and opportunities for material value creation thereafter.

And Third – We continue to pursue the farmout of our deep, tight gas play in Turkey. All the ingredients are there to make this a very large source of potential value in the longer term.

I'd like to thank everyone for joining today, and with the help of the operator, we'll now take any questions you may have.

## **Operator**

Thank you Sean. Ladies and Gentlemen, we'll now begin the question and answer session. Should you have a question, please press \* followed by 1 on your touch tone phone. You'll hear a three-tone prompt acknowledging your request and your questions will be polled in the order received. Should you wish to decline from the polling process, please press \* followed by 2. If you're using a speaker phone please lift the handset before pressing any keys. We're also accepting questions via twitter @valueraenergy. And once more, if you'd like to ask a question, that's \* followed by 1. [Pause]

OK, we have no questions on the phone line at this time. Please proceed.

**Sean**

If we don't have any questions then, again I'd just like to thank everyone for joining us today, and I hope - very much hope that we're able to meet in person at the meeting next year.

**Operator**

Ladies and Gentlemen, this concludes your conference call today. We thank you for participating and ask that you please disconnect your line.