valeura energy inc.

ANNUAL INFORMATION FORM

For the Year Ended December 31, 2021

Dated March 30, 2022

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ABBREVIATIONS AND CONVERSION

In this Annual Information Form, the following abbreviations have the meanings set forth below.

Oil and Natural Gas Liquids

bbl	barrel
Mbbl	thousand barrels
bbl/d	barrel per day
NGLs	natural gas liquids

Natural Gas

Mcf	thousand cubic feet
MMcf	million cubic feet
Mcf/d	thousand cubic feet per day
MMBtu	million British Thermal Units
Bcf	billion cubic feet
Bcf/d	billion cubic feet per day

Other

BOE	barrel of oil equivalent.
BOE/d	barrel of oil equivalent per day.
BOTAS	Boru Hatlari ile Petrol Tasima Anonim Sirketi ("**BOTAS**") owns and operates the national crude oil pipeline grid and the national gas pipeline grid in Turkey. BOTAS regularly posts natural gas prices and its Industrial Interruptible Tariff benchmark is shown herein as a reference price.
M$	thousands of dollars.
MM$	millions of dollars.
McfGE	thousand cubic feet of sales gas equivalent.
NYMEX	New York Mercantile Exchange.
TL/m3	Turkish Lira per cubic metre.
TL	Turkish Lira.
CAD	Canadian dollars.

Conversions

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units)

To convert to	From	Multiply by
1,000 cubic metres of gas	Mcf	35.494
bbl	cubic metres of oil	0.158
cubic metres of oil	bbl	6.290
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471

DEFINITIONS

In this Annual Information Form, the following words and phrases have the meanings set forth below, unless otherwise indicated.

"**abandonment and reclamation costs**" means all costs associated with the process of restoring a reporting issuer's property that has been disturbed by oil and gas activities to a standard imposed by applicable government or regulatory authorities.

"**ABCA**" means the *Business Corporations Act* (Alberta), together with any or all regulations promulgated thereunder, as amended from time to time.

"**Anti-Corruption Policy**" means the Company's anti-corruption policy.

"**Banarli Farm-in**" has the meaning set forth under the heading "*General Development of the Business – Three Year History*".

"**Banarli Licences**" or "**Banarli Exploration Licences**" mean, collectively, the two Banarli licences described under the heading "*Description of the Business and Operations – Land Holdings*".

"**Board**" means the board of directors of Valeura.

"**BOTAS**" means Boru Hatlari ile Petrol Tasima Anonim Sirketi.

"**BOTAS Reference Price**" has the meaning set forth under the heading "*Description of the Business and Operations – Petroleum Sales*".

"**Buyer**" means TBNG Limited.

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook prepared jointly by The Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society), as amended from time to time.

"**Common Shares**" means the common shares in the capital of the Company.

"**Company**" or "**Valeura**" means Valeura Energy Inc. and, where applicable, includes its subsidiaries and affiliates.

"**CRBV**" means Corporate Resources B.V., a wholly-owned affiliate of Valeura.

"**crude oil**" or "**oil**" as described in the COGE Handbook means a mixture consisting mainly of pentanes and heavier hydrocarbons that exists in the liquid phase in reservoirs and remains liquid at atmospheric pressure and temperature. Crude oil may contain small amounts of sulphur and other non-hydrocarbons but does not include liquids obtained from the processing of natural gas.

"**D&M**" means DeGolyer and MacNaughton, independent petroleum engineering consultants.

"**D&M Resources Report**" means the independent engineering evaluation of the unconventional prospective resources attributable to the properties of Valeura in the Thrace Basin prepared by D&M with a preparation date of March 13, 2019 and effective December 31, 2018.

"**Deep Gas Play**" means the Company's deep, unconventional gas play located in the Thrace Basin.

"**development costs**" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from the reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

(a) gain access to and prepare well locations for drilling, including surveying and acquiring well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves;

(b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and the wellhead assembly;

(c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and

(d) provide improved recovery systems.

"**development well**" means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive.

"**Disposition**" has the meaning set forth under the heading "*General Development of the Business*".

"**Edirne Production Leases**" means the Company's interests in three production leases (E17-b4-1, E17-c1-1 and E17-c2-1) at Edirne in the Thrace Basin.

"**Equinor**" means Equinor Turkey B.V., a wholly-owned affiliate of Equinor ASA.

"**ESG**" means environmental, social and corporate governance.

"**exploration costs**" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

(a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs");

(b) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence, and the maintenance of land and lease records;

(c) dry hole contributions and bottom hole contributions;

(d) costs of drilling and equipping exploratory wells; and

(e) costs of drilling exploratory type stratigraphic test wells.

"**exploratory well**" means a well that is not a development well, a service well or a stratigraphic test well.

"**field**" means a defined geographical area consisting of one or more hydrocarbon pools.

"**forecast prices and costs**" means future prices and costs that are:

(a) generally accepted as being a reasonable outlook of the future; and

(b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Company is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a).

"**forward-looking statements**" has the meaning set forth under the heading "*Forward-Looking Statements*".

"**future net revenue**" means a forecast of revenue, estimated using forecast prices and costs or constant prices and costs, arising from the anticipated development and production of resources, net of the associated royalties, operating costs, development costs and abandonment and reclamation costs.

"**Gazette**" means the Turkish Official Gazette.

"**GDMPA**" means the Republic of Turkey's General Directorate of Mining and Petroleum Affairs.

"**GLJ**" means GLJ Ltd., independent petroleum engineering consultants.

"**GLJ Report**" means the independent engineering evaluation of the oil and natural gas reserves attributable to the properties of Valeura in Turkey prepared by GLJ with a preparation date of March 23, 2021 and effective December 31, 2020.

"**gross**" means:

(a) in relation to the Company's interest in production or reserves, its "company gross reserves", which are its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Company;

(b) in relation to wells, the total number of wells in which the Company has an interest; and

(c) in relation to properties, the total area of properties in which the Company has an interest.

"**HSSEC**" means Health, Safety, Security, Environment and Community.

"**HSSEC Management System**" means the Company's Health, Safety, Security, Environment and Community management system.

"**ICFR**" has the meaning set forth under the heading "*Risk Factors – Internal Controls Over Financial Reporting*".

"**JOA(s)**" has the meaning set forth under the heading "*General Development of the Business – Three Year History*".

"**Licences**" has the meaning set forth under the heading "*Risk Factors - Revocation or Expiration of Exploration Licences, Production Leases and Other Licences, Leases and Permits*".

"**LSE**" means the London Stock Exchange.

"**MENR**" means the Republic of Turkey's Ministry of Energy and Natural Resources.

"**natural gas**" means a naturally occurring mixture of hydrocarbon gases and other gases.

"**natural gas liquids**" means those hydrocarbon components that can be recovered from natural gas as a liquid including, but not limited to, ethane, propane, butanes, pentanes plus, and condensates.

"**Natural Gas Market Law**" has the meaning set forth under the heading "*Industry Conditions – Turkish Petroleum Law Regime – Marketing*".

"**net**" means:

(a) in relation to the Company's interest in production or reserves its working interest (operating or non-operating) share after deduction of royalty obligations, plus its royalty interests in production or reserves;

(b) in relation to the Company's interest in wells, the number of wells obtained by aggregating the Company's working interest in each of its gross wells; and

(c) in relation to the Company's interest in a property, the total area in which the Company has an interest multiplied by the working interest owned by the Company.

"**New Petroleum Law**" means Turkey's Petroleum Law No. 6491 adopted in 2013.

"**NI 51-101**" means National Instrument 51-101, *Standards of Disclosure for Oil and Gas Activities*.

"**operating costs**" or "**production costs**" means costs incurred to operate and maintain wells and related equipment and facilities, including applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities.

"**Option**" means an option to acquire a Common Share pursuant to the Stock Option Plan.

"**Petroleum Market Law**" has the meaning set forth under the heading "*Industry Conditions – Turkish Petroleum Law Regime – Marketing*".

"**Preferred Shares**" has the meaning set forth under the heading "*Description of Capital Structure*".

"**production**" means recovering, gathering, treating, field or plant processing (for example, processing gas to extract natural gas liquids) and field storage of oil and gas.

"**property**" includes:

(a) fee ownership or a lease, concession, agreement, permit, licence or other interest representing the right to extract oil or gas subject to such terms as may be imposed by the conveyance of that interest;

(b) royalty interests, production payments payable in oil or gas, and other non-operating interests in properties operated by others; and

(c) an agreement with a foreign government or authority under which a reporting issuer participates in the operation of properties or otherwise serves as "producer" of the underlying reserves (in contrast to being an independent purchaser, broker, dealer or importer).

A property does not include supply agreements, or contracts that represent a right to purchase, rather than extract, oil or gas.

"**property acquisition costs**" means costs incurred to acquire a property (directly by purchase or lease, or indirectly by acquiring another corporate entity with an interest in the property), including:

(a) costs of lease bonuses and options to purchase or lease a property;

(b) the portion of the costs applicable to hydrocarbons when land including rights to hydrocarbons is purchased in fee; and

(c) brokers' fees, recording and registration fees, legal costs and other costs incurred in acquiring properties.

"**proved property**" means a property or part of a property to which reserves have been specifically attributed.

"**PTI**" means Pinnacle Turkey, Inc.

"**Regulations**" has the meaning set forth under the heading "Industry Conditions - *Turkish Petroleum Law Regime".*

"**reservoir**" as described in the COGE Handbook means a subsurface rock unit that contains an accumulation of petroleum.

"**service well**" means a well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation, or injection for combustion.

"**Shareholders**" means the holders of Common Shares and "**Shareholder**" means any one of them.

"**solution gas**" means gas dissolved in crude oil.

"**Stellar**" means Stellar Advisory Partners.

"**Stock Option Plan**" means the stock option plan of the Company.

"**stratigraphic test well**" means a drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Ordinarily, such wells are drilled without the intention of being completed for hydrocarbon production. They include wells for the purpose of core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic test wells are classified as:

(a) "exploratory type" if not drilled into a proved property; or

(b) "development type", if drilled into a proved property. Development type stratigraphic wells are also referred to as "evaluation wells".

"**support equipment and facilities**" means equipment and facilities used in oil and gas activities, including seismic equipment, drilling equipment, construction and grading equipment, vehicles, repair shops, warehouses, supply points, camps, and division, district or field offices.

"**TBNG**" means Thrace Basin Natural Gas Turkiye Corporation, a wholly-owned affiliate of Valeura.

"**TBNG JV**" means the joint venture formed between CRBV, TBNG and PTI.

"**TBNG JV Lands**" means the South Thrace Lands and the West Thrace Lands.

"**TBNGL**" means Thrace Basin Natural Gas Limited, a private company, which acquired the shares of TBNG and CRBV under the Disposition in May 2021.

"**Thrace Basin**" means an area of land in the northwest region of Turkey, located west of Istanbul and extending to the Greek and Bulgarian borders.

"**TSX**" means the Toronto Stock Exchange.

"**U.S.**" or "**United States**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

"VEN Co-op" means Valeura Energy (Netherlands) Cooperatief UA, a wholly-owned affiliate of Valeura.

"**VENBV**" means Valeura Energy (Netherlands) B.V., a wholly-owned affiliate of Valeura.

"**well abandonment costs**" means costs of abandoning a well (net of salvage value) and of disconnecting the well from the surface gathering system. These costs do not include costs of abandoning the gathering system or reclaiming the wellsite.

"**West Thrace Lands**" means, collectively, the lands comprising the West Thrace Licence and the West Thrace Production Leases.

"**West Thrace Licence**" or "**West Thrace Exploration Licence**" means, the one West Thrace licence described under the heading "*Description of the Business and Operations – Licence Term and Commitments*".

"**West Thrace Production Leases**" means, collectively, the three West Thrace production leases described under the heading "*Description of the Business and Operations – Licence Term and Commitments*".

PRESENTATION OF RESERVES AND RESOURCES INFORMATION

All oil and natural gas reserves and resources information contained in this Annual Information Form has been prepared and presented in accordance with NI 51-101 and the COGE Handbook. The reserves and prospective resource estimates provided in this Annual Information Form are estimates only. Actual reserves and prospective resources and future production from such resources may be greater than or less than the estimates provided herein.

Numbers in the reserves and resources tables and other oil and gas information contained in this Annual Information Form may not add due to rounding.

Definitions

With respect to the reserves and resources data contained herein, the following terms have the meanings indicated:

"**best estimate**" means there is a 50% chance that the estimated quantity will be equalled or exceeded.

"chance of commerciality" is defined as the product of the change of discovery and the chance of development.

"**chance of development**" is the estimated probability that, once discovered, a known accumulation will be commercially developed.

"**chance of discovery**" is the estimated probability that exploration activities will confirm the existence of a significant accumulation of potentially recoverable petroleum.

"**developed**" reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g. when compared to the cost of drilling a well) to put the reserves on production.

"**developed producing**" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

"**developed non-producing**" reserves are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

"mean estimate" is the probability weighted average (expected value).

"**possible**" reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable plus possible 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 reserves.

"**prospective resources**" are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development.

"**proved**" 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.

"**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.

"**resources**" are petroleum quantities that originally existed on or within the earth's crust in naturally occurring accumulations, including discovered and undiscovered (recoverable and unrecoverable) plus quantities already produced. Total resources is equivalent to total petroleum initially-in-place.

"**undeveloped**" reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

Certain other terms used herein but not defined herein are defined in NI 51-101 and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101.

Use of Unrisked Estimates

The unrisked estimates of prospective resources as of December 31, 2017 and 2018 referred to in this Annual Information Form have not been risked for either the chance of discovery or the chance of development. There is no certainty that any portion of the prospective resources will be discovered. If a discovery is made, there is no certainty that it will be developed or, if it is developed, there is no certainty as to the timing of such development or that it will be commercially viable to produce any portion of the prospective resources.

Please see the annual information form for the year ended December 31, 2018, which is available under Valeura's issuer profile on SEDAR at www.sedar.com, for more information with respect to the Company's prospective resources as of December 31, 2018, including details regarding risked estimates.

BOEs

A BOE is determined by converting a volume of natural gas to barrels using the ratio of 6 Mcf to one barrel. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 BOE is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Further, a conversion ratio of 6 Mcf:1 BOE assumes that the gas is very dry without significant natural gas liquids. Given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilising a conversion on a 6:1 basis may be misleading as an indication of value.

Short Production Test Rates

The short production test rates disclosed in this Annual Information Form are preliminary in nature and may not be indicative of stabilised on-stream production rates. Initial on-stream production rates are typically disclosed with reference to the number of days in which production has been measured. Initial on-stream production rates are not necessarily indicative of long-term performance or ultimate recovery. To date, Valeura's shallow gas conventional wells and hydraulically stimulated conventional wells have exhibited relatively high decline rates at more than 50% and 75%, respectively, in their first year of production.

While the same geological formations that are producing gas in the shallow are being targeted in the deep, unconventional play, they are in a different depth and pressure environment and the type curves from the shallow, conventional production are not expected to be indicative of deep, unconventional well production rates. The Yamalik-1 well was flowed largely continuously for several months, but as the test was comingled flow of eight separate intervals over approximately 800 metres, generation of type curves per interval is not possible. The deepest test of the Devepinar-1 well had a combined flow period which was still only about three weeks. All natural gas rates and volumes are presented net of any load fluids.

FORWARD-LOOKING STATEMENTS

Certain information contained in this Annual Information Form constitutes forward-looking statements and forward-looking information (collectively, "**forward-looking statements**") under applicable securities legislation. Such forward-looking statements are included for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such forward-looking statements may not be appropriate for other purposes, such as making investment decisions. Forward-looking statements typically include words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "target", "goal", "propose", "project" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking statements in this Annual Information Form include, but are not limited to, statements with respect to:

- the potential of a Deep Gas Play in the Thrace Basin;

- Valeura’s prospective resources in the Thrace Basin;
- the ability to execute a successful mergers and acquisitions strategy;
- the ability to secure a partner for the Deep Gas Play;
- the ability to continually meet the highest ESG standards in respect of its operations and Valeura’s commitment to enhancing its ESG disclosure practices;
- the ability to continually minimize direct impact to climate change from Valeura’s operations;
- the ability to target sweet spots in the Deep Gas Play and the extent of the play;
- Valeura’s commitment to safety and optimising operational and administrative functions;
- Valeura’s business strategy and outlook;
- the ability to execute and agree with partners on work programmes (and the nature and extent of such work programmes) and budgets, which are subject to change based on, amongst other things, the actual results of drilling and related activity, the availability of equipment and service providers, unexpected delays and changes in market conditions;
- the ability to obtain approvals and permits for drilling programmes or high-pressure stimulation programmes;
- the ability to finance future developments and/or inorganic growth;
- tying-in other new wells and getting these on-stream;
- results of future seismic programmes;
- future production rates and associated cash flow;
- continued operations of and approvals forthcoming from the GDMPA in a manner consistent with past conduct;
- future economic conditions;
- future currency and exchange rates;
- future community investment;
- the Company’s continued ability to obtain and retain qualified staff, and equipment and services in a timely and cost efficient manner;
- technical decision making;
- the resumption of the non-productive acreage return programme;
- the ability to obtain necessary government and stock exchange approvals;
- the amount and timing of future asset retirement obligations;

- future liquidity, creditworthiness and financial capacity;
- future interest rates;
- future exploration, development and other expenditures; and
- future costs, expenses and royalty rates.

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

- estimated volumes of Valeura's prospective resources; and
- the ability to finance future developments.

Forward-looking statements are based on a number of factors and assumptions which have been used to develop such statements but which may prove to be incorrect. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, undue reliance should not be placed on forward-looking statements because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this Annual Information Form, assumptions have been made regarding and are implicit in, among other things:

- the ability of the Company to execute its strategy;
- the Company's ability to effectively manage growth;
- political stability of the areas in which Valeura is operating and completing transactions;
- the success of the Deep Gas Play;
- the ability of the Company to satisfy the drilling and other requirements under its licences and leases;
- 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 Banarli Licences and West Thrace Licences including the Deep Gas Play potential;
- the continued favourable pricing and operating netbacks in Turkey;
- future production rates and associated operating netbacks and cash flow;
- the ability to reach agreement with partners;
- the ability of the Company to maintain its directors, senior management team and employees with relevant experience;

- the ability of the Company to successfully manage the political and economic risks inherent in pursuing oil and gas opportunities in Turkey;

- field production rates and decline rates;

- the ability of the Company to secure adequate product transportation;

- the impact of increasing competition in or near the Company's plays;

- the ability of the Company to obtain qualified staff, equipment and services in a timely and cost efficient manner to develop its business and execute work programmes;

- the Company's ability to operate the properties in a safe, environmentally responsible, efficient and effective manner;

- the ability to meet drilling deadlines and other requirements under licences and leases;

- the timing and costs of pipeline, storage and facility construction and expansion;

- future oil and natural gas prices;

- currency, exchange and interest rates;

- the ability of the Company to maintain effective ICFR;

- the regulatory framework regarding royalties, taxes and environmental matters;

- the ability of the Company to successfully market its oil and natural gas products;

- the ability to successfully manage the political and economic risks inherent in pursuing oil and gas opportunities in foreign countries;

- the state of the capital markets; and

- the ability of the Company to obtain financing on acceptable terms.

Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.

In addition, Valeura'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, hydraulic stimulation and other specialised oilfield equipment and service providers, changes in partners' plans and unexpected delays and changes in market conditions. Although Valeura believes the expectations and assumptions reflected in such forward-looking information are reasonable, they may prove to be incorrect.

Forward-looking statements involve 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 Company including, but not limited to:

- the risks associated with the oil and gas industry (e.g. operational risks in exploration, inherent uncertainties in interpreting geological data, and changes in plans with respect to exploration or capital expenditures, the uncertainty of estimates and projections in relation to costs and expenses, and health, safety, environmental risks and climate change risks);
- the risks of further disruptions from the COVID-19 pandemic;
- risks relating to Turkish Infrastructure;
- uncertainty regarding the sustainability of initial production rates and decline rates thereafter;
- uncertainty regarding the contemplated timelines for further testing and production activities;
- uncertainty regarding the state of capital markets and the availability of future financings;
- the risk of being unable to meet drilling deadlines and the requirements under licences and leases;
- uncertainty regarding the availability of drilling rigs and associated equipment on the contemplated timelines for shallow and deep drilling programmes;
- 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;
- the risks of increased costs and delays in timing related to protecting the safety and security of Valeura's personnel and property;
- political stability in Turkey;
- the risk of changing commodity prices and BOTAS Reference Prices (priced in TL);
- the risk of foreign exchange rate fluctuations, particularly the TL;
- the uncertainty associated with negotiating with third parties in Turkey;
- the risk of partners having different views on work programmes and potential disputes among partners;
- counterparty risks;
- the uncertainty regarding government and other approvals (potential changes in laws and regulations);
- the risks associated with weather delays and natural disasters; and
- the risk associated with international activity.

The forward-looking statements contained herein are expressly qualified by this cautionary statement.

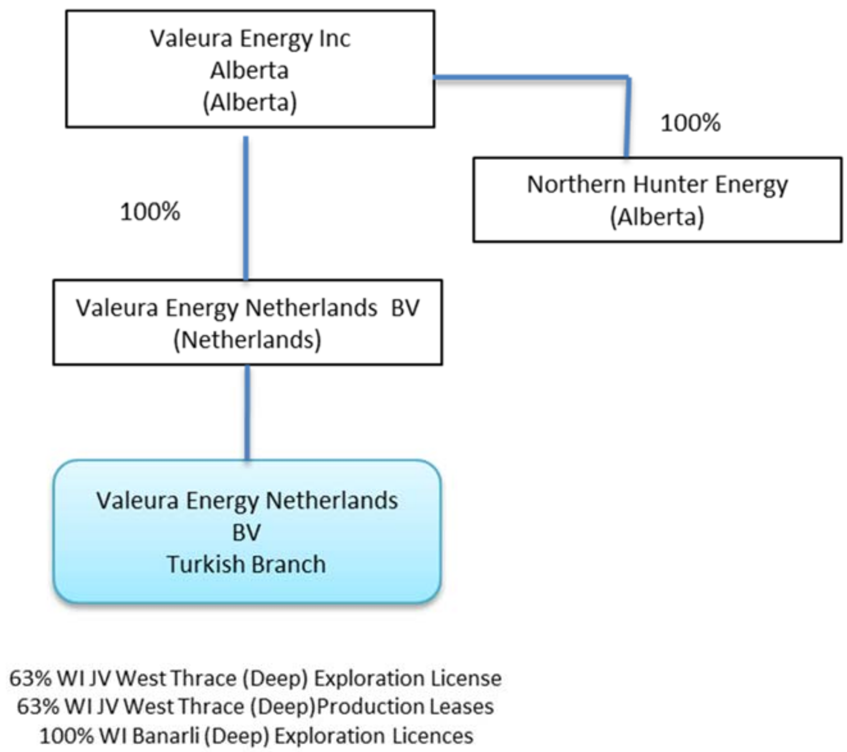
The forward-looking statements contained herein are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future events or otherwise, unless required by applicable securities laws.

VALEURA ENERGY INC.

Valeura and its subsidiaries are currently engaged in the exploration, and development of oil and natural gas in Turkey. Valeura's operations are focused on the Thrace Basin in the northwest of Turkey. The Common Shares are listed and posted for trading on the TSX under the symbol VLE and on the LSE under the symbol VLU. The head office of Valeura is located at Suite 1200, 202 – 6th Avenue SW, Calgary, Alberta, T2P 2R9 and its registered and records office is located at 4600, 525 – 8th Avenue SW, Calgary, Alberta, T2P 1G1. Valeura was incorporated under the ABCA.

Inter-Corporate Relationships

The following diagram describes the inter-corporate relationships among the Company and each of its subsidiaries as at December 31, 2021:



GENERAL DEVELOPMENT OF THE BUSINESS

Valeura's operations have been focussed on the Thrace Basin in the northwest of Turkey. As of December 31, 2021, Valeura held working interests in six production leases and exploration licences covering approximately 0.23 million gross acres and 0.19 net acres of deep rights.

The Thrace Basin assets include a 63% working interest in the deep rights for three production leases and one exploration licence in the West Thrace Lands and a 100% working interest in the deep rights in the Banarli Licences. See "*Description of the Business and Operations – Land Holdings*." These lands contain the Deep Gas Play in over-pressured formations below approximately 2,500 metres, which has been drilled down to approximately 4,900 metres. In 2017, Valeura drilled, completed and flow-tested the Yamalik-1 gas-condensate discovery well on the Banarli Licences, which proved the presence of an unconventional gas play in the area of the well.

Building on this, the Company drilled and tested two additional deep wells, Inanli-1 and Devepinar-1, to appraise the Deep Gas Play first tested in Yamalik-1. It is expected that any future appraisal wells will target sweet spots where the gas is very dry and flows without condensate and minimal water, particularly in locations that are closer to the centre of the Thrace Basin. For more information see "*Description of the Business and Operations – Operations – Deep Gas Play*."

On May 26, 2021 Valeura announced that it had closed the sale of its producing shallow conventional gas business to TBNGL (the "**Buyer**") for cash consideration of $15.5 million, plus royalty payments of up to an additional $2.5 million (the "**Disposition**"). The Disposition was structured as a sale of the shares of TBNG and CRBV.

Three Year History

The following describes the development of Valeura's business over the last three completed financial years.

2019

In January 2019, the Company finished drilling and logging operations on the Inanli-1 appraisal well down to a total depth of 4,885 metres.

On February 19, 2019, the Company spudded the Devepinar-1 appraisal well, approximately 20 kilometres west of the Inanli-1 location. Drilling and logging operations finished May 7, 2019 after encountering clear indications of over-pressured gas throughout a 1,066 metre gross column in the Teslimkoy and Kesan Formations down to the total depth of 4,796 metres. The encountered reservoir and gas were interpreted to be of a similar nature to those intersected in Inanli-1 and Yamalik-1.

On March 13, 2019, Valeura announced the summary results of an independent evaluation of the prospective resources attributable to the properties of Valeura in the Thrace Basin, prepared by D&M, dated December 31, 2018, to reflect its deep drilling results in 2018. This report confirmed the same results as announced in 2017, specifically 10.1 Tcfe of estimated working interest unrisked mean prospective resources of natural gas, which includes 236 MMbbl of condensate assigned by D&M.

Effective March 26, 2019, Ms. Kimberley Wood was appointed to the Board.

In April 2019, the Company announced its proposed admission to trading on the LSE and filed a prospectus dated April 17, 2019. The Common Shares began trading on the LSE on April 25, 2019 under the symbol VLU.

In June 2019, the Company began reservoir stimulation operations at the Inanli-1 well. The programme continued through to October 2019, and included hydraulically stimulating and flow testing four separate intervals in the well, each resulting in a stable flow of gas production with varying flow rates and condensate yields by depth.

In October 2019, Mr. Peter Sider was appointed as Valeura's Chief Operating Officer.

In November 2019, the Company stimulated three intervals in the Devepinar-1 well, encountering very high pressures after each stimulation. Thereafter, the Company conducted a comingled flow test of all hydraulically stimulated intervals in the well, with results which were consistent with predictions derived from the other tests conducted in the basin.

2020

On January 7, 2020, Ms. Heather Campbell was appointed as Valeura's Chief Financial Officer, following the departure of Mr. Steve Bjornson.

On January 7, 2020, Mr. Timothy Chapman was appointed to the Board.

On February 14, 2020, Valeura's joint venture partner in the Deep Gas Play, Equinor, provided formal notice under the joint operating agreements ("**JOAs**") for the Banarli Exploration Licences and the West Thrace Exploration Licence and the West Thrace Production Leases of their intent to withdraw from the joint operations. Equinor's working interests reverted to the other joint venture partners under the JOAs. Final approvals from the Turkish Government of the working interest changes were received in April 2020, and Equinor's exit was finalised thereafter, including the settlement of abandonment obligations. Following Equinor's exit, Valeura's deep working interest in the Banarli Exploration Licences increased to 100% and to 63% in the West Thrace Production Leases and West Thrace Exploration Licence.

In April 2020, Valeura drilled two exploration wells in the West Thrace Exploration Licence in order to fulfil the remaining work commitment for the licence.

On April 24, 2020, the GDMPA approved the transfer of the Edirne Production Leases to the operator of the licences for nominal consideration. These leases did not have active operations or production and were fully impaired in 2016.

On June 26, 2020, Valeura received approval to renew the Banarli Exploration Licences and West Thrace Exploration Licence for the 1st extension exploration phase which, at that time, was for a term that would run until June 27, 2022. These licences were subsequently extended by the GDMPA in early 2022 to June 27, 2023 due to COVID-19 restrictions.

In August 2020, Valeura completed a corporate reorganisation, whereby ownership of TBNG was transferred from VENBV to VEN Co-op, the deep working interest in the Banarli Exploration Licences was transferred from CRBV to VENBV and deep working interest in the West Thrace Production Leases and West Thrace Exploration Licence was transferred from TBNG to VENBV.

On August 31, 2020, Mr. Peter Sider resigned as Valeura's Chief Operating Officer.

On October 20, 2020, Valeura announced that it had entered into a share purchase agreement in relation to the Disposition.

In late 2020, Valeura commenced a farm-out process to find a new partner for the appraisal of the Deep Gas Play and engaged Stellar to assist with that process, which continued into 2021. Stellar remains engaged by Valeura with a mandate to continue the process. As of the date hereof, there is no agreement with a new party to farm-in to the Deep Gas Play.

During 2020, Valeura announced its intention to pursue a new growth strategy, also targeting mergers and acquisitions ("M&A").

2021

On May 26, 2021, the Company closed the Disposition for cash consideration (including closing working capital and effective date adjustments) of $16.85 million, deferred cash consideration valued at $1.0 million, with an economic effective date of July 1, 2020. The Disposition resulted in a gain on disposal of $6.1 million and a currency translation loss of $67.0 million. The deferred consideration is in the form of a cash royalty payable over 5 years, tied to local Turkish gas prices, with a minimum payment of $1 million and a maximum payment of $2.5 million. On completion of this sale, Valeura had no hydrocarbon production.

As at December 31, 2021, the Company recorded a gain on the deferred consideration related to the Disposition of $1.5 million, as the maximum deferred consideration of $2.5 million is now expected to be collected in 2022 as a result of the recent increases in Turkish natural gas prices.

During 2021, Valeura continued its pursuit of its growth strategy, including seeking a new farm-in partner to further appraise the Deep Gas Play in Turkey, and M&A opportunities in a broad focus area, including jurisdictions with significant deal flow and expected relatively low competition for assets.

DESCRIPTION OF THE BUSINESS AND OPERATIONS

Valeura is a Canada-based public company engaged in the exploration and development of oil and natural gas. The Company was established in 2010 with the intent to grow internationally through the opportunistic acquisition of producing assets with exploitation and exploration upside.

Corporate Strategy

Valeura is pursuing a disciplined growth strategy, with the following priorities:

1. With its strong financial position and internationally experienced team, Valeura is well-positioned to grow by way of mergers and acquisitions in a number of international jurisdictions, including the Mediterranean basin and other areas where management and the Board have significant business and operational experience. The Company is evaluating several targets that could provide near-term production and cash flow plus the opportunity for medium-term re-investment to generate further value through growth. Valeura is squarely focussed on only executing transactions that will generate material value for Shareholders; and

2. In the longer term, Valeura continues to target delivering value from its Deep Gas Play in the Thrace Basin. Its three exploration licences in the core of the Deep Gas Play are valid up to June 27, 2023. Given recent gas price increases and the focus on security of gas supply to Europe, the Company is continuing with its plan to farm-out a portion of its interest in the Deep Gas Play in order to jointly pursue the next phase of appraisal work.

Personnel

As at December 31, 2021, Valeura had six full-time employees in its head office in Calgary, as well as 2 full-time employees in its office in Ankara, Turkey.

Land Holdings

The following table and figure below set forth Valeura's land holdings as at December 31, 2021:

		Gross Area (Acres)	Valeura Deep Rights		
			WI	Net Acres	VLE Owner
West Thrace Production Leases	3	13,578	63%	8,554	VENBV
Banarli Exploration Licences	2	123,847	100%	123,847	VENBV
West Thrace Exploration Licence	1	88,434	63%	55,713	VENBV
Total	**6**	**225,859**		**188,114**	

Valueura only holds the deep rights in these licences and leases which is defined as 2500 metres or a pressure gradient of 0.6 psi/ft (1.39 SG), whichever is shallower.

Licence Term and Commitments

In 2021, the GDMPA extended all exploration licences in Turkey and their commitment work programs by one year due to COVID-19 restrictions. The Banarli and West Thrace Exploration Licences will now expire on June 27, 2023 and one exploration well is required in each of the three licences to a minimum depth of 1500 metres. These commitments can be fulfilled by either Valeura or the owner of the licence's shallow rights, TBNGL. Valeura is collaborating with TBNGL to assure these commitments can be fulfilled in the most cost-effective manner while still maintaining the option to drill a deep gas appraisal well.

Each exploration licences can be extended for two further two-year periods after June 27, 2023.

Please see information on phases of licences and the extension process in "*Industry Conditions – Turkish Petroleum Law Regime*".

The following table sets forth the current expiration dates for Valeura's leases and licences and working interest as of December 31, 2021.

Valeura Working Interest Lands	Block	Operated	Working Interest as of Dec 31, 2021	Gross Acres	Current Phase	End of Current Phase
West Thrace Production Leases	2926[1]	Yes	63% [2]	12,429	Second Extension	16-Feb-30
	3659	Yes	63% [2]	709	First Extension	08-Jun-27
	5122	Yes	63% [2]	440	Initial Production	15-Nov-29
West Thrace Exploration Licence	F18-d1,d2,d4	Yes	63% [2]	88,434	First Extension	27-Jun-23[1]
Banarli Exploration Licences	F18-c1,c2,c3,c4	Yes	100%	88,197	First Extension	27-Jun-23[1]
	F19-d1,d2	Yes	100%	35,650	First Extension	27-Jun-23[1]

Note:
(1) The original expiration date was extended by the GDMPA by one year in light of COVID-19.
(2) Deep rights only.

Operations

Deep Gas Play

Valeura identified the potential for an unconventional gas play very early in its entry into the Thrace Basin and acquired the Banarli Exploration Licences in 2013, and subsequently extended these licences in 2015 under the New Petroleum Law. Between 2012 and 2015 the Company drilled the Kazanci-5, Hayrabolu-10 and Yayli-1 wells into deeper, over-pressured formations which provided early evidence supporting the Deep Gas Play concept.

Following the closing of the Banarli Farm-in agreement with Equinor in January 2017, the Company, as operator under the Banarli Farm-in, completed approximately 500 square kilometres of 3D seismic (Karaca) and drilled the Yamalik-1 exploration well ("**Yamalik-1**"), the first well under the Banarli Farm-in designed to test the Deep Gas Play. Yamalik-1 encountered highly over-pressured gas saturated Teslimkoy and Kesan Formations from approximately 2,900 metres down to the total depth of 4,196 metres. Four zones were stimulated and then the Company conducted a four-month comingled flow test of Yamalik-1 starting in late 2018 which resulted in an initial rate of 2.5 MMcf/d which had stabilised at approximately 300 Mcf/d at the end of the test period.

From October 2018 through May 2019, the Company drilled two further appraisal wells. The Inanli-1 well was drilled approximately seven kilometres to the northeast of the Yamalik-1 to a total depth of 4,885 metres and the Devepinar-1 well was 20 kilometres west and was drilled to 4,796 metres. Like Yamalik-1, both wells encountered highly over-pressured gas bearing columns in the Teslimkoy and Kesan Formations.

Following completion of the drilling operations, the Company's activity for the remainder of 2019 focused on flow testing the new wells. The Company stimulated and flow-tested four intervals in the Inanli-1 well, between August and October 2019, resulting in individual gas flow rates ranging from 200 Mcf/d to 600 Mcf/d, with varying rock and fluid properties across the column, generally indicating higher flow rates and less condensate at deeper intervals. Only the deepest zone in the Devepinar-1 well was stimulated, with three stages. The Company thereafter conducted a comingled flow test of the three stimulated intervals in the Devepinar-1 well which resulted in an average aggregate flow rate of 890 Mcf/d over 11 days and the flow for the final 24 hours of testing was 437 Mcf/d. No condensate was recovered. A subsequent longer term flow test in the second quarter of 2020 (41 days total) provided an average initial gas production rate over 30 days (IP30) of 890 Mcf/d and the flow for the final 24 hours of testing was 170 Mcf/d.

A significant portion of the Company's potential upside value is in the natural gas prospective resources associated with the Deep Gas Play. The Deep Gas Play is still in the early phase of appraisal with large uncertainties and risk. Whilst there are now 11 wells around the Thrace Basin that all are interpreted to have encountered high-pressure gas at depth, the current well density in the play is still very low. There are uncertainties laterally across Valeura's land interests, and vertically in the target interval, as to the flow and fluid characteristics of the reservoir. While the ability to recover gas to surface from the Deep Gas Play has been demonstrated, commerciality of the Deep Gas Play has not been confirmed.

Valeura has a clear vision for how to execute the next phase of appraisal in the Deep Gas Play after having integrated the significant learnings from the drilling and testing of the Inanli-1 and Devepinar-1 wells. The Company has observed that the best reservoir quality in all wells is encountered in the upper few hundred metres of the Kesan Formation. However, the best gas flow results have been achieved deeper in the basin, where the gas is very dry and flows without condensate and minimal water – as seen in the first production test in Inanli-1 at approximately 4,275 metres. It is expected that future appraisal wells will target sweet spots which have both of these characteristics; in particular, locations that are closer to the centre of the basin where the high-quality reservoir at the top of the Kesan Formation is deeper, and therefore within the dry gas maturity window. Final well locations within this broader area would then focus on regions of more intense natural fracturing, as interpreted on 3D seismic data.

Valeura intends to continue to pursue farm out of a portion of its interest in the Deep Gas Play and is working with Stellar to secure a partner with technical and commercial expertise suited to a tight gas appraisal play of this magnitude. With success, the Deep Gas Play could provide a meaningful boost to natural gas supply security in Turkey and the region. The process is ongoing, but as of the date hereof, there is no agreement with a new party to farm-in to the Deep Gas Play.

ESG AND SUSTAINABILITY OF THE BUSINESS

With the sale of its production in Turkey, as of year-end 2021, Valeura currently has no production operations and hence no related emissions. The Company only has three deep well sites in the Thrace area, which have been left in a secure and clean manner to allow further future operations once a farm-in partner is identified.

Valeura follows a principled approach to ensuring the sustainability of its business. With regard to ESG priorities, and governance practice, the Company evaluates the requirements set for operators in its sector by Canada, the UK, and the local regulator, and of those expectations, commits to meet whichever standards are highest. Throughout its history, Valeura has strived to elevate the quality of its in-country operations and the capabilities of its local staff to the highest prescribed levels, in pursuit of continuous improvement in everything it does. Valeura believes this principled approach is applicable to both operations in Turkey and also to any new operations which the Company may acquire.

Valeura acknowledges that all stakeholders are seeking improved disclosure from companies in the upstream oil and gas sector to assess key ESG characteristics. The Company intends to be compliant with reporting standards in effect at the applicable time. The Company envisages that this will function alongside its Board-approved enterprise risk management policy and framework (the "**Enterprise Risk Management Policy and Framework**"), which already serves to identify, prioritise and mitigate business risks, including those related to ESG. Measurement and reporting are the first steps to allowing the Company to control all key metrics relating to ESG performances, and, among other benefits, will create a platform for the Company to continuously manage emissions from its operations.

Commensurate with Valeura's size and sphere of influence, Valeura has tailored its ESG-related priorities to focus on the most material opportunities, as informed by the Enterprise Risk Management Policy and Framework. While not an exhaustive list, select topics of particular relevance are identified below, elaborating where possible, with examples of conduct from the Company's recent operations.

With respect to future acquisitions and operations, management and the Board will evaluate ESG-related risks and opportunities and tailor its short, medium and long-term ESG priorities as part of the key performance indicators under its corporate performance scorecard.

Health, Safety, Security, Environment and Community

Valeura believes the protection of the health and safety of employees, and all those affected by Valeura's business are critical to the overall success of the Company. This is a core value, which is applicable to any and all Valeura assets, now or in the future. Valeura conducts its operations using a sound HSSEC Management System, which reflects best industry practice, and delivers continual improvement by systematically implementing its HSSEC policies. Valeura is committed to:

- implementing its HSSEC Management System across its operations to drive continuous improvement in its HSSEC performance;

- complying, at a minimum, with all national and local regulations and meeting accepted international standards and best practices for the oil and gas industry;

- ensuring appropriate resources are available to implement the HSSEC Management System;

- identifying HSSEC hazards arising from its business then assessing, managing, and reducing these hazards to as low as reasonably practicable; and

- requiring its contractors and partners to meet Valeura's HSSEC requirements.

During active operations, the executive receives weekly and monthly reports on HSSEC and presents to the Board on a quarterly basis, and immediately in the case of a serious incident. These reports include leading and lagging indicators of performance and a thorough review of serious incidents, near misses and steps taken to establish root causes of incidents and implement corrective actions. Valeura also heavily weighs HSSEC targets in its corporate performance scorecard, a key element in its executive and employee compensation system, to reinforce desired behaviours and performance results.

Through these actions, Valeura is committed to instilling a culture of safety-oriented behaviour across its operations that is driven by all executive, senior management and team leaders, but is the responsibility of all staff and contractors.

In January 2017, Valeura closed the Banarli Farm-in agreement with Equinor to explore a deep high pressure, high temperature ("**HPHT**") tight gas play on Valeura's acreage in the Thrace Basin. Valeura, as the designated operator under the Banarli Farm-in, completed an extensive 3D seismic survey and a three-well deep drilling and well stimulation programme over the period 2017-2020. As operator, Valeura broadened and upgraded its existing health, safety and environment system to also meet Equinor's demanding standards. Implementation of this new HSSEC management system underpinned the safe operation the HPHT programme, which was executed without serious incidents or injuries.

Climate Change

Climate change is an important global issue which requires cooperative action by governments, industries and communities around the world. Valeura welcomes the continued ambition of the 2015 Paris Agreement to strengthen the global response to climate change and targets set at COP 26 in Glasgow in November 2021.

Through its gas-oriented operations in the Thrace Basin, Valeura is playing an important role in seeking to provide a meaningly supply of a cleaner form of energy that supports social and economic development now and for future generations. As the world moves toward a low carbon economy, natural gas will play an important role as a transition fuel helping to meet the primary energy demands of society, while offsetting more carbon-intensive fuels like coal and liquid hydrocarbons. Natural gas has the lowest carbon intensity of all non-renewable energy sources and about half the emissions of coal at the point of combustion. Responsible and reliable sources of natural gas should be utilised to fill the void that cannot be met by renewable energy sources during the energy transition to a lower carbon world.

Currently, Turkey is heavily reliant on imported oil and gas in its energy mix and has increased pressure to utilise domestically-sourced coal for power generation. Additional sources of domestic natural gas, such as those the Company is seeking to commercialise through its Deep Gas Play, will assist Turkey by replacing coal with natural gas, thus lowering the country's carbon emissions, reducing the demand for energy imports and enhancing energy supply security.

Valeura is committed to minimising the direct impact to climate change from its activities, including limiting any flaring to a minimum to reduce its greenhouse gas emissions. This theme has formed part of Valeura's historical operating practices in Turkey and is expected to feature as an element in any future operations as a result of the Company's mergers and acquisitions endeavours internationally and in any future commercialisation of the Deep Gas Play in Turkey.

Land Use

The Thrace Basin has seen multiple decades of upstream oil and gas operations, with Valeura's land base influenced by the actions of previous operators. The Company acknowledges that throughout the life cycle of any hydrocarbon producing region, it is normal that facility and well sites from time to time complete their useful commercial life and require reclamation and safe abandonment. In keeping with practices more typical in onshore jurisdictions like Canada, Valeura believes the responsible treatment of such sites under its influence should be to return the land to its pre-hydrocarbon use. In the Thrace Basin, that primarily entails returning land to farmers for use in agriculture.

Valeura categorises well sites as either potentially productive (including those containing wells that are producing, currently shut-in, or currently suspended) or sites that are no longer deemed potentially productive (containing wells that have been abandoned following unsuccessful exploration activity or have reached the end of their productive life). The Company has historically established an annual work programme associated with its past shallow gas operations in the Thrace Basin dedicated to returning non-productive acreage to the local community or landowner, with first priority given to acreage where legacy facilities could potentially impact local communities. The Company intends to resume this programme once field operations recommence in connection with its Deep Gas Play.

Water Management

Valeura acknowledges that access to clean water is a priority in any agricultural region, including the Thrace Basin. The Company has committed to source any water required for its operations in a sustainable manner, and in accordance with local requirements. Turkey has a well-established permitting system governing water capture which balances the needs of all industries in the region, and the Company is committed to upholding its obligations in this regard. Drilling and completing operations in connection with the next phase the Deep Gas Play appraisal will require water, which can be adequately supplied under the current permitting system. Valeura intends to further evaluate the potential to use water from atypical sources in the longer-term, including the potential of using sea water in its stimulation operations, reusing produced water, or the use of effluent water from other industrial processes in the vicinity.

Disposal of produced water in a sustainable manner is also an ongoing priority for the Company. Valeura has implemented procedures to ensure accurate reporting of all produced water to local regulators and to ensure the responsible disposal of all produced water, so as to minimise any risk of contamination to ground water or local aquifers. Valeura's processes generally involve applying best industrial practices from Canada for evaporation ponds when ambient conditions are suitable and otherwise injecting water into depleted hydrocarbon reservoir zones.

Human Rights and Diversity

In dealing with all of its employees and contractors, Valeura is committed to conducting its business and operations under the guidance of, and in compliance with, the principles of the United Nations Global Compact. Specifically, Valeura is committed to:

- Equality – a work and business environment in which all individuals are treated equally, with respect and dignity, and without discrimination in any form;
- No Harassment – the conduct of business, and a workplace, that are free of harassment in any form;
- Grievance Process – a workplace where employees, contractors and other stakeholders may bring forward grievances and reports of inappropriate activity without fear of reprisal or censure;
- Compliance with Laws – the conduct of all business and operations in compliance with applicable labour laws and regulations;
- Safe Work – the rights of employees and contractors to refuse work for fear of injury to themselves, or others, or damage to the environment;
- Right to Organise – the rights of employees to form unions for collective bargaining;
- No Forced Labour – the elimination of all forms of modern slavery, forced or compulsory labour; and
- No Child Labour – the abolition of child labour.

Valeura also recognises that diversity is an economic driver of competitiveness for companies and it strives to promote an environment and culture conducive to the appointment of well qualified persons so that there is appropriate diversity to maximise the achievement of corporate goals. In March 2018, the Company adopted a written diversity policy relating to the identification and nomination of diverse candidates for directors, executive officers and senior management appointments and promoting the consideration of criteria that promotes diversity including gender, age, ethnicity and geographic and indigenous background (the "**Diversity Policy**").

The Diversity Policy includes the gender of a potential candidate as one component in the overall list of factors the Governance and Compensation Committee considers when selecting candidates for executive officer and senior manager appointments, and membership on the Board and its committees. Two of the last three appointments to the Company's executive team and Board were women, and the Company is committed to continuous progress in this regard. With respect to future mergers and acquisitions, the Board and management will evaluate the skill sets and attributes of existing and new potential members of management and the Board in accordance with the Diversity Policy.

While the Board has not yet decided to adopt targets for women or other diverse groups, it continues to monitor diversity within the organisation and may adopt targets in the future.

Community Investment

Valeura believes firmly in engaging with local communities and stakeholders to ensure an ongoing positive impact from its operations. Management also recognises the importance of directly contributing to the communities where the Company operates, and actively seek out opportunities to do so. While Turkey is a developed country with a sound education and social support network, Valeura has nevertheless sought out areas where the Company and its staff can still support and establish partnerships in the local community. The Company intends to apply this approach to any other jurisdictions which may be added to the portfolio.

Business Conduct and Ethics

Valeura has adopted a Code of Business Conduct and Ethics (the "**Code**"), which applies to all directors, officers, employees and contractors of the Company. The Code is amended from time to time to ensure it satisfies good governance standards, changes in applicable legal requirements and is consistent with the ethical goals and guidelines discussed herein. A complete copy of the Code is available on SEDAR at www.sedar.com. The Code demonstrates the Company's commitment to conducting business ethically, legally and in a safe and fiscally, environmentally and socially responsible manner. It outlines a framework of guiding principles to which each employee, director, officer and contractor is expected to adhere and acknowledge, and this acknowledgement is an annual requirement. Training on the Code is part of each new employee and director's orientation, and there are regular updates conducted for staff. Each quarter management delivers integrity questionnaires to the Audit Committee confirming compliance with the Company's Anti-Corruption Policy.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

As at December 31, 2021, Valeura had no reserves and hence no related future net revenue following closing of the Disposition in May 2021. Consequently, Valeura did not engage an independent evaluator to review its reserves or associated future net revenues for the period ended December 31, 2021.

The Company's statement of reserves data and other oil and gas information (in Form 51-101F1) dated the date hereof and effective as at December 31, 2021 and the report of the Company's management and Board on the oil and gas disclosure presented herein (in Form 51-101F3) are included in this Annual Information Form as Appendices A-1 and A-2, respectively.

PROSPECTIVE RESOURCES

In the D&M Resources Report, D&M assigned, effective December 31, 2018, respectively, 10.1 Tcfe of estimated working interest unrisked mean prospective resources of natural gas, which includes 236 MMbbl of condensate, to the properties of Valeura in the Thrace Basin. Please see the annual information form for the year ended December 31, 2018, which is available under Valeura's issuer profile on SEDAR at www.sedar.com, for more information with respect to the Company's prospective resources as of December 31, 2018, including details regarding risked estimates.

Equinor's exit from joint operations in the Deep Gas Play was approved by the Turkish government on April 6, 2020 thereby doubling Valeura's working interest. Management therefore estimates that based on the D&M Resources Report, the Company's estimated working interest unrisked mean prospective resources increased to 20.1 Tcfe of natural gas, which includes 572 MMbbl of condensate.

DESCRIPTION OF CAPITAL STRUCTURE

Valeura is authorised to issue an unlimited number of Common Shares and an unlimited number of preferred shares (the "**Preferred Shares**").

As at December 31, 2021 and as at the date hereof, there were 86,584,989 Common Shares and nil Preferred Shares outstanding. In addition, as of the date hereof, there were 6,667,666 Options outstanding.

Common Shares

The Company is authorised to issue an unlimited number of Common Shares. The holders of the Common Shares are entitled to dividends, if, as and when declared by the Board, to one vote per share at meetings of the Shareholders and, upon liquidation, to receive such assets of the Company as are distributable to the holders of the Common Shares.

Preferred Shares

The Company is authorised to issue an unlimited number of Preferred Shares, issuable in series. Each series of Preferred Shares will have such designations, rights, privileges, restrictions and conditions as the Board may from time to time determine before issuance. The holders of each series of Preferred Shares will be entitled, in priority to holders of Common Shares, to be paid ratably with holders of each other series of Preferred Shares the amount of dividends, if any, specified as being payable preferentially to the holders of such series and, upon liquidation, dissolution or winding-up of the Company, in priority to holders of Common Shares, to be paid ratably with holders of each other series of Preferred Shares the amount, if any, specified as being payable preferentially to holders of such series.

DIVIDENDS

Valeura has not declared or paid any dividends on the Common Shares since incorporation. It is not currently expected that dividends will be paid in respect of the Common Shares during the current phase of development of Valeura's business and operations. The payment of dividends in the future will be at the discretion of the Board and will be dependent on the future earnings and financial condition of the Company and such other factors as the Board considers appropriate.

PRIOR SALES

Valeura has not issued or sold any securities convertible into Common Shares during the year ended December 31, 2021, except as set forth below.

Date of Issue/Grant	Number and Designation of Securities	Issue/Exercise Price (CAD)
March 26, 2021	2,262,500 Options	$0.52
June 9, 2021	50,000 Options	$0.49

MARKET FOR COMMON SHARES

The Common Shares are listed and posted for trading on the TSX under the symbol VLE and on the LSE under the symbol VLU. The following table sets forth the price ranges and traded volume of Common Shares in 2021 as reported by the TSX.

Period	High (CAD)	Low (CAD)	Volume
January	0.63	0.48	2,505,974
February	0.57	0.50	1,462,508
March	0.64	0.43	4,157,366
April	0.57	0.45	1,384,420
May	0.54	0.44	2,778,288
June	0.51	0.47	1,898,831
July	0.49	0.44	959,244
August	0.49	0.42	1,280,725
September	0.48	0.41	7,112,191
October	0.56	0.44	2,494,905
November	0.54	0.44	1,367,905
December	0.47	0.42	1,726,868

DIRECTORS AND EXECUTIVE OFFICERS

Directors and Executive Officers

The following table sets forth the names, province or state and country of residence, present positions with Valeura and principal occupations during the past five years of the current directors and executive officers of Valeura. The term of office for each director is from the date of the annual meeting at which they are elected until the next annual meeting or until their successor is elected or appointed.

Name and Residence	Position(s) with Valeura	Principal Occupation(s) During the Past Five Years
Dr. Timothy R. Marchant(1)(3) Calgary, Alberta, Canada	Chairman since 2018 Director since 2015	Adjunct Professor of Strategy and Energy Geopolitics, Haskayne School of Business, University of Calgary. Director of Vermilion Energy Inc. since 2010. Director of Cub Energy Inc. from 2013 to 2020 and since 2021. Director of Transglobe Energy Corporation since March 2020.
Russell Hiscock(1)(2) Montreal, Quebec, Canada	Director since 2018	President and Chief Executive Officer of the CN Investment Division from 2008 until 2018.
James D. McFarland(3) Calgary, Alberta, Canada	Director since 2010	President and Chief Executive Officer of Valeura from April 2010 to October 2017 and Chief Executive Officer from October 2017 to December 2017. Director of MEG Energy Corp since 2010. Director Pengrowth Energy Corporation from 2010 to 2020. Director Arrow Exploration Corp from 2018 to 2020.
Ronald W. Royal(2)(3) Abbotsford, British Columbia, Canada	Director since 2010	Private Businessman since April 2007. Director of Gran Tierra Energy Inc. since 2015.

Name and Residence	Position(s) with Valeura	Principal Occupation(s) During the Past Five Years
		Director of Caracal Energy Inc. from 2011 to 2014. Director of Oando Energy Resources Inc. from 2015 to 2016.
Kimberley K. Wood(1)(2) London, UK	Director since 2019	Senior Consultant to Norton Rose Fulbright LLP since 2018. Partner at Norton Rose Fulbright LLP from 2015 to 2018. Partner at Vinson and Elkins LLP from 2011 to 2015. Director of Africa Oil Corp. since 2018. Director of Gulf Keystone Petroleum Ltd. since 2018. Director of Energean PLC since July 2020
Timothy Chapman(2) (3) London, UK	Director since 2020	Managing Director, Head of International Oil and Gas RBC Capital Markets 2007 to 2015. Founder of Geopoint Advisory Limited since 2015.
W. Sean Guest Calgary, Alberta, Canada	President and Chief Executive Officer Director since 2018	President of Valeura since October 2017 and Chief Executive Officer of Valeura since January 2018. Chief Operating Officer of Valeura May 2017 to December 2017. Chief Executive Officer of Bukit Energy from February 2014 to May 2017.
Heather Campbell Calgary, Alberta, Canada	Chief Financial Officer	Chief Financial Officer of Valeura since January, 2020. Controller of Valeura from June 2017 to January 2020. Treasurer of Gran Tierra Energy Inc. from October 2007 to January 2016.
Gordon Begg Calgary, Alberta, Canada	Vice President, Commercial	Vice President, Commercial of Valeura since May 2018. Chief Operating Officer of Bukit Energy from June 2011 to April 2018.

Notes:

(1) Member of the Governance and Compensation Committee.
(2) Member of the Audit Committee.
(3) Member of the Reserves & Health, Safety, Security and Community Relations Committee.

As of the date hereof, the directors and executive officers of Valeura, as a group, beneficially own, directly or indirectly, 1,701,124 Common Shares representing approximately 1.96% of the issued and outstanding Common Shares.

As of the date hereof, the directors and executive officers of Valeura, as a group, beneficially own, directly or indirectly 5,385,000 Options. If all such Options were exercised, the directors and executive officers of Valeura, as a group, would hold approximately 7.60% of the then issued and outstanding Common Shares (on a fully diluted basis).

Corporate Cease Trade Orders or Bankruptcies

To the knowledge of management, no director or executive officer of Valeura is, or has been, within the past 10 years before the date hereof, a director or executive officer of any issuer that, while that person was acting in that capacity: (i) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation for a period of more than 30 consecutive days; or (ii) was subject to an event that resulted, after the person ceased to be a director or executive officer, in the issuer being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation for a period of more than 30 consecutive days.

To the knowledge of management, no director or executive officer of Valeura is, or has been, within the past 10 years before the date hereof, a director or executive officer of any issuer that, while that person was acting in that capacity or within a year of that issuer ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Personal Bankruptcies

To the knowledge of management, no director or executive officer of Valeura has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets.

Penalties or Sanctions

To the knowledge of management, no director or executive officer of Valeura has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, other than penalties for late filing of insider reports; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Circumstances may arise where Board members are directors or officers of companies which are in competition to the interests of Valeura. No assurances can be given that opportunities identified by such Board members will be provided to Valeura. Pursuant to the ABCA, directors who have an interest in a proposed transaction upon which the Board is voting are required to disclose their interests and refrain from voting on the transaction.

AUDIT COMMITTEE

Composition of the Audit Committee

The Audit Committee of the Board operates under written terms of reference that set out its responsibilities and composition requirements. A copy of the terms of reference is attached to this Annual Information Form as Appendix B. The key responsibilities of the Audit Committee include:

- reviewing and recommending for approval to the Board financial information that will be made publicly available;

- reviewing: (i) the appropriateness of accounting policies and financial reporting practices used by the Company; (ii) any significant proposed changes in financial reporting and accounting policies and practices to be adopted by the Company; (iii) any new or pending developments in accounting and reporting standards that may affect the Company; (iv) with management, the external auditors and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company, and the manner in which these matters may be, or have been, disclosed in the financial statements; and (v) accounting, tax and financial aspects of the operations of the Company as the Audit Committee considers appropriate;

- reviewing and obtaining reasonable assurance that the risk management, internal control and information systems are operating effectively to produce accurate, appropriate and timely management and financial information;

- reviewing the planning and results of external audit activities and the ongoing relationship with the external auditor;

- establishing and periodically reviewing implementation of procedures for: (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and

- reviewing the adequacy of the Anti-Corruption Policy and reporting on its implementation and matters arising thereunder to the Board.

The Audit Committee is comprised of Mr. Russell Hiscock (Chair), Mr. Timothy Chapman, Mr. Ronald W. Royal and Ms. Kimberley K. Wood. All members of the Audit Committee are independent and financially literate as such terms are defined by National Instrument 52 110 – *Audit Committees*.

The Audit Committee holds in camera meetings, without management present, at every regularly scheduled meeting of the Audit Committee, and meets in camera with the Company's independent compensation consultant. The Audit Committee meets at least four times annually.

The Audit Committee has the authority to communicate with the external auditors as it deems appropriate to consider any matter that the Audit Committee or auditors determine should be brought to the attention of the Board or shareholders. The Audit Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to determine the compensation of such advisors.

The following sets out the education and experience of each director relevant to the performance of his or her duties as a member of the Audit Committee.

- The chair of the Audit Committee, Mr. Russell Hiscock, holds a Chartered Financial Analyst designation as well as a Certified Management Accountant designation and has accounting and financial experience as a result of his role as President and Chief Executive Officer CN Investment Division.

- Mr. Timothy Chapman graduated from Earth Sciences at Oxford University. His career includes 25 years in investment banking roles with large financial institutions including JP Morgan Chase, CIBC World Markets and finally RBC Capital Markets where he was head of international oil & gas. Mr. Chapman's career has focussed on corporate strategy and valuation.

- Mr. Ronald W. Royal holds a Bachelor of Applied Science degree in Mechanical Engineering from the University of British Columbia and has obtained financial experience and exposure to accounting and financial issues through his involvement as an executive officer of international affiliates of ExxonMobil Corporation.

- Ms. Kimberley Wood holds a Bachelor of Arts Degree from the University of Western Ontario, a Bachelor of Laws Degree from the University of Edinburgh and an Masters of Laws Degree (Public International Law) from the University College of London, University of London, and has obtained financial experience and exposure to accounting and financial issues as a solicitor in England and Wales, most recently as partner and head of Oil and Gas for Europe and Middle East at Norton Rose Fullbright LLP, where she continues to consult.

Auditors' Fees

KPMG LLP, Chartered Professional Accountants, became Valeura's auditors on April 9, 2010. Fees paid to Valeura's auditors for the years ended December 31, 2021 and 2020 are detailed below.

Fee	For the year ended December 31, 2021	For the year ended December 31, 2020
Audit Fees(1)	$111,000	$253,000
Tax Fees(2)	-	-
All Other Fees	-	-
Total	$111,000	$253,000

Notes:

(1) "Audit Fees" include the aggregate professional fees paid to the external auditors for the audit of the annual consolidated financial statements and other annual regulatory audits and filings. It also includes the aggregate fees paid to the external auditors for services related to the audit services, including reviewing quarterly financial statements and management's discussion thereon and consulting with the Board and Audit Committee regarding financial reporting and accounting standards.

(2) "Tax Fees" include the aggregate fees paid to external auditors for tax compliance, tax advice, tax planning and advisory services, including preparation of tax returns.

All permissible categories of non-audit services require pre-approval by the Audit Committee, subject to certain statutory exemptions.

RISK FACTORS

RISKS RELATING TO THE COMPANY'S BUSINESS

The Company has an Enterprise Risk Management Policy and Framework that are overseen by the Board to identify and manage risks impacting the Company.

Failure to realise transactions and anticipated benefits related to mergers and acquisitions

Valeura has announced a strategy of growth via mergers and acquisitions in the near to mid-term. The Company will compete with numerous other companies in the search for and acquisition of oil and gas interests, whether through merger with another company or asset acquisition. The Company's competitors may include companies that have more significant financial resources, staff and facilities than those of the Company. The Company's ability to successfully bid on and acquire merger and/or acquisition targets will be dependent on its ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment and in the face of rising commodity prices at the current time.

Acquisitions of oil and natural gas properties or companies are based in large part on engineering, environmental and economic assessments made by the acquirer, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and natural gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of oil and natural gas and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the control of the Company. All such assessments involve a measure of geologic, engineering, facility operations, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated.

Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as Valeura's ability to realise the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Company. The integration of acquired businesses may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided and assets required to provide such services.

Management of growth

Valeura may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of Valeura to manage growth effectively and other acquired assets or companies, will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The potential inability of Valeura to deal with this growth could have a material adverse impact on its business, operations and prospects, particularly since Valeura has announced a strategy of growing through mergers and acquisitions in the near to mid-term. This strategy may involve mergers and/or acquisitions in a different country than the Company operates in, which would present further risks, including but not limited to risks regarding finding key personnel and establishing relationships with regulators, government officials and other key stakeholders.

The Company is largely reliant on the success of the Deep Gas Play in Turkey

A significant portion of the Company's potential future value is estimated to be associated with the natural gas prospective resources associated with the Deep Gas Play discovered with the Yamalik-1 exploration well. The Deep Gas Play is still in the early phase of exploration and appraisal with large uncertainties and risk. While there are now 11 wells around the basin that all are interpreted to have encountered high-pressure gas at depth, the current well density in the Thrace Basin and this play is still very low. Additionally, only three of these wells have been fracture stimulated and production tested. There are large uncertainties laterally across Valeura's land interests, and vertically in the target Kesan Formation, as to the presence of gas, the pressure of any gas, the amount of condensate in the gas and the commercial producibility of these hydrocarbons.

Regional drilling data and 3D seismic interpretation indicate that the target Kesan Formation reservoir should be more than 2,000 metres thick with a high net sand but these interpretations need to be proven with drilling across the basin. Further, the porosity of the rock is very low and decreases with depth. The location of any sweet spots with high porosity and hence more gas is also still to be demonstrated both vertically and laterally. The above factors primarily affect the gas initially in place (GIIP). The ability to flow and recover gas commercially is still to be demonstrated. Most of the historic wells were drilled prior to high-pressure stimulation being a commonly accepted technique and none achieved a commercial flow rate using the perforation and testing techniques available at the time. Yamalik-1, Inanli-1 and Devepinar-1, have all been subjected to varying degrees of high-pressure stimulation on a number of intervals, however at this point none have demonstrated a clearly commercial flow rate. Longer term testing of the zones is required. In the longer term the Company will be dependent on the development of its Thrace Basin assets. It is not uncommon for new gas developments to experience unexpected problems and delays during construction, commissioning and production start-up, or indeed for such projects to fail. Any adverse event affecting the development of the Thrace Basin assets, either during their development or following the commencement of production, would have a material adverse effect on the Company's business, results of operations, financial condition and the price of the Common Shares, as the Company has no other near-term source of revenue earnings.

Acquisitions, dilution and availability of debt

Valeura has announced a strategy to grow in the near to mid term through mergers and acquisitions, of either assets or shares of other entities. These mergers and/or acquisitions may require Valeura to enter into financings or other transactions involving the issuance of securities of Valeura which may be dilutive.

Valeura may have difficulty accessing any debt needed to acquire and develop international oil and gas properties. This may result in the inability of Valeura to complete certain acquisitions or drilling activities. Future acquisitions may be financed partially or wholly with debt, which may increase debt levels above industry standards. Depending on future exploration and development plans, Valeura may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms. Neither Valeura's articles nor its by-laws limit the amount of indebtedness that it may incur. The level of Valeura's indebtedness from time to time could impair its ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Capital requirements

Valeura may in future require capital expenditures beyond its current cash position. Valeura's cash flow from its resources, once developed, may not be sufficient to fund its ongoing activities at all times. If Valeura's revenues from its resources, once developed, decrease as a result of lower oil and natural gas prices or otherwise, it will affect Valeura's ability to expend the necessary capital to replace its reserves or to maintain its production, and it may have limited ability to acquire or expend the capital necessary to undertake or complete future drilling programmes.

Valeura's cash resources will be limited to its cash on hand unless it is able to realise success on its inorganic growth strategy or realise commercial production levels from the Deep Gas Play and add cash flows.

From time to time, Valeura may require additional financing in order to carry out its oil and gas acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause Valeura to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If cash flow from operations is not sufficient for Valeura to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to Valeura. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Valeura. The potential inability of Valeura to access sufficient capital for its operations could have a material adverse effect on Valeura's financial condition, results of operations or prospects.

The Company is dependent on its directors, senior management team and employees with relevant experience

The Company is reliant on a number of key personnel. International exploration and development activities such as those the Company is engaged in require specialised skills and knowledge in the areas of petroleum engineering, geology, geophysics and drilling. In addition, specific knowledge and expertise relating to local laws (including regulations relating to land tenure, exploration, development, production, marketing, transportation, the environment, royalties and taxation) and market conditions is required to compete with other international oil and gas entities.

The success of Valeura will depend in large measure on certain key personnel and management. The Company also relies on certain key personnel in-country with the ability to work in the Turkish language and report to management in Canada. The loss of the services of such key personnel could have a material adverse effect on Valeura. Valeura does not have key person insurance in effect for members of management. The competition for qualified personnel in the oil and natural gas industry, particularly the international oil and gas industry in which Valeura operates, can be intense and there can be no assurance that Valeura will be able to attract and retain all personnel necessary for the development and operation of its business.

The loss of one or more of its key personnel could have an adverse impact on the business of the Company. Furthermore, it may be particularly difficult for the Company to attract and retain suitably qualified and experienced people, given the competition from other industry participants and the relative size of the Company.

In addition, the success of the Company's merger and acquisition strategy relies in part on the expertise of the directors and senior management in assessing new business and new country entry, which is specialised knowledge. The business relationships of directors and management can be helpful in pursuing this strategy.

There is no assurance that the Company will successfully continue to retain existing specialised personnel and senior management or attract additional experienced and qualified senior management and/or oil and gas personnel required to successfully execute and implement the Company's business plan, which will be particularly important as the Company expands. Competition for such personnel is intense. The loss of such personnel and the failure to successfully recruit replacements in a timely manner, or at all, would have a material adverse effect on its business, prospects, financial condition and results of operations.

Management of key relationships in Turkey

Failure to manage relationships with local communities, government and non-government organisations could adversely impact Valeura's business in Turkey. Negative community reaction to operations could have an adverse impact on profitability, the ability to finance or even the viability of Valeura in Turkey. This reaction could lead to disputes that may damage the Company's reputation and could lead to potential disruption of projects or operations.

Estimates of resources

The resource estimates presented by D&M have been classified as prospective resources. The resource estimates from D&M are estimates only. There is no certainty that any portion of the prospective resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources. Investors are cautioned that the quantities presented are estimates only and should not be construed as being exact quantities.

Variations in foreign exchange rates and interest rates, and hedging

The Company's drilling and completion operations in Turkey and related contracts are based in U.S. Dollars. Material increases in the value of the U.S. Dollar will negatively impact the Company's costs of drilling and completions activity. The Company's functional currency in its subsidiary operations in Turkey is TL. Any future revenue stream in Turkey is expected to be based on TL revenue for natural gas and U.S. Dollar based revenue for crude oil translated into TL. The majority of costs will be incurred in U.S. Dollars for capital expenditures and TL for operating expenditures. Decreases in the value of the TL could result in decreases in revenue. Increases in the value of the TL and U.S. Dollar could result in increases in the cost of operations. To the extent that the Company engages in risk management activities related to foreign exchange rates, there is a credit risk associated with counterparties with which the Company may contract. Valeura continues to assess its exposure to all foreign currencies. Recent volatility and weakness in the value of the TL may impair the ability of the Company to manage this exposure.

From time to time Valeura may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, Valeura will not benefit from such increases and may nevertheless be obligated to pay royalties on such higher prices, even though not received by it, after giving effect to such agreements. Given that any future natural gas sales and revenues in Turkey are expected to be priced in TL, Valeura from time to time may enter into agreements to fix the exchange rate of U.S. Dollars to the TL in order to offset the risk of revenue losses. Valeura may similarly seek to fix the exchange rate between the TL and the U.S. Dollar to offset the risk of a relative strengthening of the U.S. Dollar, which is the currency basis for large portion of the capital expenditures in Turkey.

Dependence on other operators of assets

To the extent that Valeura is not the operator of its oil and gas properties, Valeura will be dependent on such operators for the timing of activities related to such properties, subject to any influence Valeura can bring to bear in operating committee and technical committee meetings under joint venture agreements or other regular communications, and will largely be unable to direct or control the activities of the operators. The ability of Valeura management to influence other operators, as necessary, to protect its interests will be an important determinant of success.

Counterparty risk

Valeura may also be exposed to counter-party risk through its contractual arrangements with the Buyer, current or future joint venture partners, farm-in partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations, such failures could have a material adverse effect on Valeura and its cash flow from operations.

Internal controls over financial reporting

Valeura has established internal controls over financial reporting ("**ICFR**") which include policies and procedures that pertain to the maintenance of financial records, the preparation of accurate financial statements, controls over bank accounts and the prevention or timely detection of unauthorised acquisition, use or disposition of the Company's assets or funds. Valeura has delegation of authority policies approved by the respective boards of directors of the parent company and each subsidiary, which policies delineate how various corporate and financial matters must be approved and the authority levels of management and employees (including in-country managers in Turkey). Valeura has the right and periodically conducts audits of the records and expenditures of its operating partners. While management has determined that Valeura maintains effective ICFR, Valeura cannot be certain errors or failures will not occur related to financial processes and reporting. Failure to properly implement existing controls, or difficulties encountered in their implementation, could impact the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and reduce the trading price of the Common Shares.

At the operational level in Turkey, the Company relies upon certain local managers and employees and its operating partners. A large portion of the business and contracts in Turkey are in the Turkish language and the Company must rely on certain key personnel in-country who work in the Turkish language and report to management. A major disruption in the flow of information or obtaining inaccurate information from these local employees and partners, could adversely impact the accuracy of financial reporting and management information.

The use of foreign subsidiaries by the Company may affect the Company's ability to pay dividends or make distributions

The Company conducts its operations at the Thrace Basin through its wholly owned subsidiary VENBV. The Company's ability to pay dividends on the Common Shares is reliant on the ability of VENBV to generate cash flow and pay dividends or make other distributions to the Company. The ability of VENBV to make payments to the Company may be constrained by, among other things: (i) the level of taxation, particularly corporate profits and withholding taxes, in Turkey; (ii) the introduction of exchange controls; and (iii) local law requirements in relation to the payments of dividends and distributions.

Income tax

Valeura has filed, and will file, all required income tax returns. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of Valeura, whether by re-characterisation of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable.

Public Health Crises, including COVID-19, could adversely affect the Company's business

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time. It is not possible to reliably estimate the length and severity of these developments, or any potential resurgence and COVID-19 could affect the Company's ability to conduct operations and may result in temporary shortages of staff to the extent our work force is impacted.

COVID-19 has resulted in governmental authorities implementing various measures including, but not limited to travel bans and restrictions, social distancing measures, quarantines, increased border and port controls and closures and shutdowns. While some of these COVID-19 measures have been lifted or eased in many jurisdictions, there is significant uncertainty regarding these measures and potential future measures, all of which could impact the Company.

The full extent and impact of COVID-19 on Valeura's business is unknown. However, potential material adverse impacts of COVID-19 include, but are not limited to operational and supply chain delays and disruptions (including as a result of government regulation and prevention measures), labour shortages and shutdowns, breach of material contracts, government or regulatory actions or inactions, increased insurance premiums, decreased demand or the inability to sell oil and natural gas, declines in the price of oil and natural gas, capital markets volatility, or other unknown but potentially significant impacts.

Geopolitical situation in Eastern Europe

On February 24, 2022, Russian began a military operation in Ukraine. The UN General Assembly overwhelmingly condemned the invasion and has called for Russia to immediately and completely withdraw its troops. The United States, the European Union, the United Kingdom, Canada, Australia, Japan, Switzerland, and other countries have imposed new financial and trade sanctions against Russia, including prohibitions or restrictions from doing business anywhere in the world with listed Russian individuals or companies. The outcome of these events is uncertain at this time and may impact the peace and stability of the region and the world and could affect the global economy including regions and markets in which the Company operates. Any subsequent oil and gas supply shortages or volatile commodity prices could have adverse impacts on the world economy and the Company's business. To date these events have not impacted the Company's ability to carry on business and there have been no security issues affecting the Company's operations, offices, or personnel, nor do the enacted sanctions affect the Company's business. If these events continue to escalate, they could have a material adverse effect on Valeura's business, financial condition or results of operations.

RISKS RELATING TO THE COMPANY'S INDUSTRY

Exploration, development and production risks

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of Valeura will depend on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves Valeura may have at any particular time and the production therefrom will naturally decline over time as such existing reserves are produced and depleted. A future increase in Valeura's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. No assurance can be given that Valeura will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, Valeura may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by Valeura.

While diligent well supervision and effective maintenance operations can contribute to maximising production rates over time, natural declines as reserves are depleted and production or sales delays cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees. Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or in personal injury. In accordance with industry practice, Valeura will not be fully insured against all of these risks, nor are all such risks insurable. Although Valeura will maintain liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event Valeura could incur significant costs that could have a material adverse effect upon its financial condition. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations.

Revocation or expiration of exploration licences, production leases and other licences, leases and permits

Valeura's properties are held in the form of exploration licences, production leases and other licences, leases and permits (together "**Licences**") and working interests in such Licences. If Valeura, or any other holder of a Licence in which Valeura has an interest, fails to meet the specific requirement of a Licence, the Licence may be revoked or may terminate or expire. Whilst Valeura monitors the status and expiry of all of its current Licences, all of which are in Turkey, there can be no assurance that any of the obligations required to maintain such Licences will be met. The revocation, termination or expiration of any of its Licences or the working interests relating to a Licence may have a material adverse effect on Valeura's results of operations and business. To the extent such Licences are subsequently suspended or revoked, Valeura may be curtailed or prohibited from proceeding with planned exploration, development or operation of its projects. Failure to comply with permitting and legal requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions which could have an adverse effect on Valeura's business, financial condition or operations.

The Company's insurance and indemnities may not adequately cover all risks or expenses

Valeura's involvement in the exploration for and development of oil and natural gas properties may result in it becoming subject to liability for pollution, blow-outs, property damage, personal injury or other hazards. Although Valeura carries insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not in all circumstances be insurable or, in certain circumstances, Valeura may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to Valeura. The occurrence of a significant event that Valeura is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on Valeura's financial position, results of operations or prospects.

Availability of drilling, hydraulic stimulation and other equipment and access

Oil and natural gas exploration and development activities are dependent on the availability of drilling, hydraulic stimulation and other related equipment in the particular areas where such activities will be conducted. Whilst such equipment is available in Turkey it is not as available as in more developed oil and gas producing countries. Demand for such limited equipment or access restrictions may affect the availability of such equipment to Valeura and may delay exploration and development activities.

The Company's operations may be harmful to the environment and the Company may be subject to compliance, clean-up and other costs

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of regulations in Turkey. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. In addition, many areas of the Thrace Basin are designated as prime agricultural land requiring land use approvals from both Agricultural and Energy and Natural Resources Ministries in Turkey. Currently, there are no restrictions on the hydraulic stimulation of wells in Turkey. However, a number of jurisdictions in Europe have temporarily or permanently banned hydraulic fracturing, a form of high-pressure stimulation, of wells and there is a risk that these restrictions may spread to other jurisdictions in the region, including Turkey. High pressure stimulation of tight gas formations is critical to achieving commercial production. Any future restrictions could have a material adverse effect on Valeura's business. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require Valeura to incur costs to remedy such discharge. Although Valeura believes it is in material compliance with current applicable environmental and land use regulations, no assurance can be given that environmental laws or agricultural land use requirements will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect Valeura's financial condition, results of operations or prospects.

The Company's projects are subject to various Turkish environmental laws. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws.

Compliance with environmental laws and regulations may prevent the Company from commercially developing its operations

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable oil and gas operations.

Although the Company believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spillages, leakages or other unforeseen circumstances, which could subject the Company to extensive costs and liability.

A violation of health and safety and/or environmental laws relating to oil and gas exploration, at a processing plant or in the course of transportation of hazardous materials, or a failure to comply with the instructions of the relevant authorities, could lead to, among other things, a temporary shutdown of all or a portion of the Company's exploration, processing or logistics operations, a loss of the Company's right to develop, exploit, operate a processing plant or transport products, or the imposition of costly compliance measures, criminal sanctions and/or monetary penalties. The Company will establish various committees, will implement safety and environmental compliance plans and contract officers and staff to oversee inspections and identify necessary corrective action. However, there can be no assurance that the Company's programmes will be effective, will comply with applicable laws or that costs of implementation will not increase significantly. If health and safety and/or environmental authorities were to require the Company to shut down all or a portion of its exploration, processing or logistics operations, or the more stringent enforcement of existing laws and regulations, such measures could have a material adverse effect on the Company's business, results of operation, financial condition and the price of the Common Shares.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Climate change legislation

Governments around the world have become increasingly focused on addressing the impacts of anthropogenic global climate change, particularly in the reduction of gases with the potential to contribute to greenhouse gas levels in the atmosphere. The oil and natural gas industry is subject to stringent environmental regulations. The political climate appears to favour new programmes for environmental laws and regulation, particularly in relation to the reduction of emissions or emissions intensity, and there is a risk that any such programmes, laws or regulations, if proposed and enacted, will contain emission reduction targets which may result in operating restrictions or compliance costs to avoid a breach of applicable legislation.

Climate change policy is emerging and quickly evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. Implementation of strategies by any level of government within Turkey or countries the Company may operate in in the future, and whether to meet international agreed limits, or as otherwise determined, for reducing greenhouse gases could have a material impact on the operations and financial condition of the Company. In addition, concerns about climate change have resulted in a number of environmental activists and members of the public opposing the continued exploitation and development of fossil fuels. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict the impact on the Company, its operations, its financial condition and its ability to raise capital and its cost of capital. It is also not possible at this time to predict whether any proposed legislation relating to climate change will be adopted, and whether any such regulations could result in operating restrictions or compliance costs.

In addition to risks related to climate change legislation, Valeura also faces transition risks and physical risks in relation to climate change. Transition risks are risks that relate to the transition to a lower-carbon economy. Transition risks impact the volatility of oil and gas prices (as consumer demand for oil and gas may decrease); environmental legislation and hydraulic fracturing regulations (which may delay or restrict the development of oil and gas); the ability to obtain additional financing (as sources of financing for oil and gas development may become more restricted); and the reliance on key personnel, management, and labour (as the workforce may transition to other sources of energy development). Practices and disclosures relating to environmental matters, including climate change, are attracting increasing scrutiny by stakeholders. Valeura's response to addressing environmental matters can impact the Company's reputation and affect the Company's ability to hire and retain employees; to compete for reserve acquisitions, exploration leases, licences and concessions; and to receive regulatory approvals required to execute operating programs. Physical risks relate to the physical impact of climate change, which can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks can have financial implications for the Company, such as direct damage to assets and indirect impacts from production disruptions. Physical risks may also increase Valeura's operating costs.

Title to assets

Title to oil and natural gas interests is often not capable of conclusive determination without incurring substantial expense. While it is the practice of Valeura, in acquiring significant oil and gas licences or interest in oil and gas licences to fully examine the title to the interest under the licence, this should not be construed as a guarantee of title. There may be title defects that affect lands comprising a portion of Valeura's properties. To the extent title defects do exist, it is possible that Valeura may lose all or a portion of its right, title, estate and interest in and to the properties to which the title relates.

The oil and gas industry is subject to a number of laws and governmental regulations, compliance with which may be burdensome

The oil and natural gas industry in Turkey is subject to controls and regulations governing its operations imposed by legislation enacted by the Turkish government and with respect to pricing and taxation of oil and natural gas by agreements, all of which should be carefully considered by investors in the oil and gas industry. The Company's activities are affected in varying degrees by government regulations relating to the oil and gas industry and foreign investment. Operations may be affected in varying degrees by government regulations with respect to price controls, export controls, foreign exchange controls, income taxes, value-added taxes, expropriation of property, production restrictions and environmental legislation. It is not expected that any of these controls or regulations will affect the Company's operations in a manner materially different than they would affect other oil and gas companies of similar size operating in Turkey.

Price volatility, markets and marketing

The marketability and price of oil and natural gas that may be acquired or discovered by Valeura will be affected by numerous factors beyond its control. Valeura's revenues, profitability, future growth and the carrying value of its oil and gas properties, provided such properties yield production, are substantially dependent on prevailing prices of oil and gas. Valeura's ability to borrow and to obtain additional capital on attractive terms is also substantially dependent upon oil and gas prices. Prices for oil and gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond the control of Valeura. These factors include economic conditions in the United States, Canada, and Turkey, the actions of the Organization of Petroleum Exporting Countries, governmental regulation, and political instability in the Middle East and elsewhere, the foreign supply of oil and gas, the price of foreign imports and the availability of alternative fuel sources. In Turkey, natural gas prices for domestic sales are effectively set by the government, which are indirectly affected by these market forces. Any substantial and extended decline in the price of oil and gas would have an adverse effect on Valeura's carrying value of its oil and natural gas reserves, borrowing capacity, revenues, profitability and cash flows from operations. The exchange rate between the Canadian Dollar, U.S. Dollar and TL also affects the profitability of Valeura. Volatile oil and gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on such value.

Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects. Currently, the Company has no debt facilities in place. However, any bank borrowings available to Valeura in the future will in part be determined by Valeura's borrowing base. A sustained material decline in prices from historical average prices could reduce Valeura's borrowing base, therefore reducing the bank credit available to the Company and require that a portion, or all, of Valeura's bank debt, if any, be repaid.

In addition, evolving decarbonisation policies of institutional investors, lenders and insurers could affect the Company's ability to access capital pools. Additionally, the Company may, from time to time, not meet the investment criteria or characteristics of a particular institutional or other investor, including institutional investors who are not willing or able to hold securities of oil and gas companies for reasons unrelated to financial or operational performance. Any changes in market-based factors or investor strategies or responsible investing criteria/rankings (for example, social impact or environmental scores), the implementation of new financial market regulations and fossil fuel divestment initiatives undertaken by governments, pension funds and/or other institutional investors, may adversely affect the Company's access to capital pools.

Competition

Oil and gas exploration is intensely competitive in all its phases and involves a high degree of uncertainty with respect to the impact of such competition. Valeura will compete with numerous other participants in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. Competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of Valeura, including Turkey's state-owned oil company. Valeura's ability to increase reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire suitable producing properties or acquire new exploration licences. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery. Valeura may also be subject to competition from the alternative fuel industry or fuel substitution by its customers.

The Company's activities are subject to operational risks, hazards and unexpected disruptions, including damage to property or injury to persons, some of which are beyond its control

The Company's planned oil and gas operations are subject to a number of operational risks and hazards, some of which are beyond its control. These risks and hazards include unexpected maintenance or technical problems, natural disasters, industrial accidents, power or fuel supply interruptions, water supply interruptions and shortages, machinery and equipment failure, malfunction and breakdowns of information management systems, fires, and unusual or unexpected variations in mineralisation, geological conditions, hazards associated with oil and gas exploration and development.

The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions, fire, explosions, and other incidents beyond the control of the Company. Other factors affecting the production and sale of oil and natural gas that could result in decreases in profitability include: (i) expiration or termination of permits, licences or leases, or sales price redeterminations or suspension of deliveries; (ii) future litigation; (iii) the timing and amount of insurance recoveries; (iv) work stoppages or other labour difficulties; (v) worker vacation schedules and related maintenance activities; and (vi) changes in the market and general economic conditions. Weather conditions, equipment replacement or repair, fires, amounts of rock and other natural materials and other geological conditions can have a significant impact on operating results.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

The Company is committed to providing a healthy and safe environment for its personnel, contractors and visitors. Exploration and production activities have inherent risks and hazards. The Company provides appropriate instructions, equipment, preventative measures, first aid information, and training to all employees and contractors through its occupational, health and safety management systems.

RISKS RELATING TO TURKEY

Foreign operations

Valeura currently has all of its assets in Turkey and expects to continue to have all of its operations outside of Canada. Exploration, development and operating activities in Turkey are subject to the risks normally associated with the conduct of business in countries with less developed or emerging economies. As such, the Company's operations, financial condition and operating results could be significantly affected by risks over which it has no control. These risks may include risks related to economic, social or political instability or change, terrorism, hyperinflation, currency non-convertibility or instability and changes of laws affecting foreign ownership, interpretation or renegotiation of existing contracts, government participation, taxation policies, including royalty and tax increases and retroactive tax claims, and investment restrictions, working conditions, rates of exchange, exchange control, exploration licensing, production leasing, petroleum and export licensing and export duties, government control over domestic oil and gas pricing, currency fluctuations, devaluation or other activities that limit or disrupt markets and restrict payments or the movement of funds, the possibility of being subject to exclusive jurisdiction of foreign courts in connection with legal disputes relating to licences to operate and concession rights in countries where Valeura currently operates, and difficulties in enforcing Valeura's rights against a governmental agency because of the doctrine of sovereign immunity and foreign sovereignty over international operations. Problems may also arise due to the quality or failure of equipment or technical support, which could result in failure to achieve expected target dates for exploration and development operations or result in a requirement for greater expenditure. Valeura will operate in such a manner as to minimise and mitigate its exposure to these risks. However, there can be no assurance that Valeura will be successful in protecting itself from the impact of all of these risks and the related financial consequences.

Government rules and regulations

Valeura's operations are subject to various levels of government controls and regulations in the countries where it operates. Oil and gas exploration and production is a sensitive political issue and as a result there is a relatively higher risk of direct government intervention in respect of laws and regulations that can affect the property rights and title to Valeura's assets in Turkey. Such intervention can extend, in certain jurisdictions, to nationalisation, expropriation or other actions that effectively deprive companies of their assets.

Existing laws and regulations include matters relating to land tenure, drilling, production practices including hydraulic stimulating of wells, environmental protection, agricultural land use, marketing and pricing policies, royalties, various taxes and levies including income tax, foreign trade and investment and government approval of lease and licence transfers, certain corporate transactions and other regulatory approvals that are subject to change from time to time. Current legislation is generally a matter of public record and Valeura cannot predict what additional legislation or amendments may be proposed that will affect Valeura's operations or when any such proposals, if enacted, might become effective. There is no certainty regarding obtaining government approvals. Changes in government policy or laws and regulations could adversely affect Valeura's results of operations and financial condition. In particular, a number of changes in the land tenure regulations associated with the New Petroleum Law are in the early years of implementation and the full effect of these changes remain uncertain. Failure to comply with applicable laws, regulations and legal requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions which could have an adverse effect on Valeura's business, financial condition or operations.

Operating Environment

During the 2014 to 2017 period, Turkey experienced increased periods of political unrest and civil disobedience that have stabilised since 2017. In 2021, Turkey like many countries has faced economic challenges due to COVID-19 impacts.

Recent geopolitical events have resulted in a continued downward slide in the value of the TL, and at times these drops have been very sharp. The value of the TL declined by 77% against the USD during 2021. Inflation at December 31, 2021 was 36%.

To date, the Company's ability to carry out operations in the Thrace Basin in a safe and secure way has not been negatively impacted other than certain restrictions due to the COVID-19 pandemic.

In the future, access to some operating locations in Turkey may be precluded and Valeura may incur substantial costs to maintain the safety of personnel and operations. Despite these precautions, the safety of operator personnel or Valeura personnel in these locations may be at risk, and Valeura may in the future suffer loss of personnel and disruption of operations, any of which could have a material adverse effect on Valeura's business and results of operations.

Bribery and corrupt practices

The Company maintains anti-bribery policies, anti-corruption training programmes, codes of conduct, procedures and other safeguards designed to prevent the occurrence of fraud, bribery and corruption. Valeura has established a Code of Business Conduct and Ethics which includes policies and procedures covering anti-bribery and anti-corruption of foreign public officials, including regular reporting to management and the Board. While management believes these policies are adequate, and despite careful establishment and implementation, there can be no assurance that these or other anti-bribery or anti-corruption policies and procedures are or will be sufficient to protect against corrupt activity. Wherever the Company operates it always needs to be aware of the potential risk of fraud, bribery and corruption. Instances of fraud, bribery and corruption, and violations of laws and regulations could have a material adverse effect on the Company's reputation, business, results of operations, financial condition and the price of the Common Shares.

The Company has engaged a number of consultants and contractors in Turkey in connection with its operations in the Thrace Basin in the past and would expect to do the same in its future operations. Although the Company targets to enter these consultancy agreements on arm's length commercial terms and seeks appropriate comfort from consultants and contractors, as well as requiring its consultants and contractors to adhere to the high standards in line with the Company's policies, there is a risk that agents or other persons or representatives acting on behalf of the Company may engage in corrupt activities without the knowledge of the Company.

In particular, Valeura, in spite of its best efforts, may not always be able to prevent or detect corrupt practices by employees, or third parties, such as sub-contractors or its operating partners, which may result in reputational damage, civil and/or criminal liability being imposed on Valeura, which could have an adverse effect on Valeura's business, financial condition or operations.

RISKS RELATING TO COMMON SHARES

There may be volatility in the value of an investment in Common Shares and the market price for Common Shares may fluctuate

The market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following: (i) actual or anticipated fluctuations in the Company's results of operations; (ii) actual or anticipated changes in the capital markets; (iii) recommendations by securities research analysts; (iv) changes in the economic performance or market valuations of other companies that investors deem comparable to the Company; (v) addition or departure of the Company's executive officers and other key personnel; (vi) sales or perceived sales of additional Common Shares; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; (viii) changes in laws, rules and regulations applicable to the Company and its operations; (ix) general economic, political and other conditions; (x) the Company's involvement in any litigation or dispute, or threat of any litigation or dispute; and (xi) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have experienced significant price and volume fluctuations in the last several years that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Common Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. Also, certain institutional investors may base their investment decisions on consideration of the Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Common Shares by those institutions, which could adversely affect the trading price of the Common Shares. There is no assurance that continuing fluctuations in the price and volume of publicly traded equity securities will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Common Shares may be adversely affected.

Substantial future sales of Common Shares, or the perception that such sales might occur, or additional offerings of Common Shares could depress the market price of Common Shares

The Company cannot predict what effect, if any, future sales of Common Shares, or the availability of Common Shares for future sale, or the offer of additional Common Shares in the future, will have on the market price of Common Shares. Sales or an additional offering of substantial numbers of Common Shares in the public market, or the perception or any announcement that such sales or an additional offering could occur, could adversely affect the market price of Common Shares and may make it more difficult for Shareholders to sell their Common Shares at a time and price which they deem appropriate and could also impede the Company's ability to raise capital through the issue of equity securities.

The Company does not currently intend to pay dividends and its ability to pay dividends in the future may be limited

The Company has never declared or paid any dividends on the Common Shares. The Company currently intends to retain future earnings, if any, for future operations, expansion and debt repayment, if necessary. Therefore, at present, there is no intention to pay dividends and a dividend may never be paid. Any decision to declare and pay dividends will be made at the discretion of the Board and will depend on, among other things, the Company's results of operations, financial condition and solvency and distributable reserves tests imposed by corporate law and such other factors that the Board may consider relevant.

In addition to the foregoing, the Company's ability to institute and pay dividends now or in the future is or may be limited by covenants contained in any debt facilities or other agreements governing any indebtedness that the Company may incur in the future, including the terms of any credit facilities the Company may enter into with third party lenders. It is not uncommon that credit facilities will prevent a borrower from declaring or paying any dividends to any of its shareholders or returning any capital (including by way of dividend) to any of its Shareholders.

As a result of the foregoing factors, purchasers of the Common Shares may not receive any return on an investment in the Common Shares unless they sell such Common Shares for a price greater than that which they paid for them.

If the Company is wound up, distributions to Shareholders will be subordinated to the claims of creditors

On a winding-up of the Company, holders of the Common Shares will be entitled to be paid a distribution out of the assets of the Company available to its shareholders only after the claims of all creditors of the Company have been met.

INDUSTRY CONDITIONS

The oil and natural gas industry in Turkey is subject to controls and regulations governing its operations imposed by legislation enacted by the Turkish governments and with respect to pricing and taxation of oil and natural gas by agreements, all of which should be carefully considered by investors in the oil and gas industry. The Company's activities are affected in varying degrees by government regulations relating to the oil and gas industry and foreign investment. Operations may be affected in varying degrees by government regulations with respect to price controls, export controls, income taxes, value-added taxes, expropriation of property, production restrictions and environmental legislation. It is not expected that any of these controls or regulations will affect the Company's operations in a manner materially different than they would affect other oil and gas companies of similar size operating in Turkey. Outlined below are some of the principal aspects of the legislation, regulations and agreements governing the oil and gas industry in Turkey.

After extensive review and significant input from industry, the Turkish government adopted the New Petroleum Law on June 30, 2013.

Commercial Terms

Turkey's fiscal regime for oil and gas operations is presently comprised of royalties and income tax. Royalties are at 12.5% and the corporate income tax rate is 25%.

A 15% withholding tax is applied on dividends to be distributed to foreign entities. However, the withholding tax may be reduced to 10% depending on the bilateral treaties signed between Turkey and the home country of the petroleum rights holder in Turkey.

Land Tenure Regime

All of the Company's licences and leases in Turkey are regulated under the New Petroleum Law, described in more detail under the heading "*Turkish Petroleum Law Regime*". The regulator imposed a change to mapping coordinates country wide and the result for the Company was a commencement date for the licences as June 27, 2015. A number of pre-existing exploration licences were converted to production leases during a period from November 2012 to December 2015. Three pre-existing production leases remained intact.

The GDMPA adopted a new international grid system associated with the New Petroleum Law, in part to facilitate any exploration and development of unconventional resources. The initial term of new exploration licences will be five years, and these can be extended up to 11 years provided a discovery is made by the end of the ninth year (two two-year extensions plus a single two-year discovery extension). The Company is required to provide a work programme obligation for each year of an exploration licence and the annual work programme must be completed in that year for the block to remain in good standing. Exploration licence awards require the posting of a bond of up to 2% of the work programme for the initial term or any subsequent extensions.

Some uncertainty remains in the tenure of production leases. The recent practice of the GDMPA in awarding new leases over the 2011 to 2016 period to the Company and its partners in the Thrace Basin was to set the initial term for varying periods ranging from five years to 14 years, depending on the expected reserve life, amongst other factors, potentially extendable up to 40 years if the expected reserve life supports such an extension. Note that a few leases were back dated to November 2012 when the previous licence had expired. Also noteworthy, the 2-year discovery extension is applied to the initial production lease and thus the initial lease term commences on the date of the 2-year discovery extension. Although initial term for unconventional production lease applications remains uncertain, it is expected that an initial term would garner a maximum of 20 years with the possibility for two subsequent extensions of 10 years each. The maximum area that may be awarded as a production lease would be one map sheet, or 4 quadrants under the grid system.

Environmental

The oil and natural gas industry is subject to extensive and varying environmental regulations in each of the jurisdictions in which the Company operates. There has been a general trend that the amount of regulation has been increasing each year. Environmental regulations establish standards respecting health, safety and environmental matters and place restrictions and prohibitions on emissions of oil and natural gas and various substances produced concurrently with oil and natural gas. These regulations can have an impact on the selection of drilling locations and facilities, potentially resulting in increased capital expenditures. In addition, environmental legislation may require those wells and production facilities to be abandoned and sites reclaimed to the satisfaction of local authorities. Valeura is committed to complying with environmental and operation legislation wherever the Company operates.

Pipeline Infrastructure

With regard to major natural gas pipelines, BOTAS owns and operates the national gas grid which connects essentially all the major population centres and is within easy access to the Company's existing and planned operations in the Thrace Basin of northwest Turkey. At the end of 2010, the BOTAS natural gas pipeline network consisted of 11,593 kilometres of various pipelines sizes from 10-inch to 48-inch diameter.

With regard to major crude oil pipelines, BOTAS owns and operates the following infrastructure: the 18-inch Batman to Dortyol crude oil pipeline, which services the prevalent crude oil producing areas of the southeast Anatolia region; the 24-inch Ceyhan to Kirikkale crude oil pipeline, which supplies mainly imported crude oil to the Kirikkale refinery east of Ankara; and the Turkey portion of the twin 40-inch and 46-inch Kirkuk to Ceyhan oil pipeline delivering Iraqi crude oil to the port city of Ceyhan for export. It also operates the Turkish portion of the Baku to Tbilisi to Ceyhan crude oil pipeline delivering Azeri crude oil to Ceyhan for export.

Pricing and Marketing

Turkey imports more than 99% of its natural gas and 92% of its crude oil energy needs and as such any new domestic production has a ready market. Total natural gas consumption has been increasing significantly in the past two decades at a rate of more than 8% per year. Consequently, the Company does not foresee any major concern with the marketing of natural gas from its operations.

BOTAS is the major importer and distributor of natural gas in Turkey. Although some import contracts have been released to private operators, BOTAS currently controls approximately 80% of Turkey's natural gas imports. Given the very small domestic production of approximately 0.04 Bcf/d (<1% of consumption), there is a robust market for additional domestic natural gas production. Due to the dominance of BOTAS in the natural gas market in Turkey, the BOTAS pricing structure effectively sets the domestic market price Accordingly, the BOTAS cost tracks regional reference pricing and in turn indirectly influences the price available to domestic producers, translated into TL, at some discount.

At the beginning of 2018 BOTAS adopted a policy of regular updates for its reference prices for gas and these are currently being reviewed and updated if required on the first day of every month. All of Valeura and its subsidiary's past gas sales contracts were referenced to the BOTAS Reference Price and denominated in TL. The Company expects the BOTAS Reference Price to continue to be indirectly linked to the weighted average cost of imported gas to Turkey and government policy with respect to the level of consumer subsidies, if any.

Turkish Petroleum Law Regime

Overview

Hydrocarbon resource rights in Turkey are governed by the New Petroleum Law and Regulation on Implementation of Turkish Petroleum ("**Regulations**"), which are administered by the MENR and GDMPA.

The New Petroleum Law and Regulations provide for a licensing regime whereby operators must obtain a "petroleum exploration licence" to explore and develop hydrocarbons in the designated licence area and a "production lease" to produce hydrocarbons from the reservoir area carved out from the predecessor exploration licence.

There is no segregation under the New Petroleum Law for crude oil and natural gas licences or leases. The definition of "Petroleum" under the New Petroleum Law covers both crude oil and natural gas. Therefore, an exploration licence and a production lease grant their holder the right to explore, develop and produce both crude oil and natural gas within the designated licence or lease area.

New Petroleum Law provides differing terms and conditions for onshore and offshore licences and leases. Offshore licences and leases are not discussed within the scope of this section as Valeura and its subsidiaries do not hold any offshore licences or leases in Turkey as of the date hereof.

Petroleum exploration licences and production leases are granted by the GDMPA, and the application and grant process are summarised in below.

Exploration Licences

Petroleum exploration licences in Turkey are granted based on a "grid system", pursuant to which the size of an onshore licence may cover one full 1/50,000 scaled map section at the maximum or cover one full 1/25,000 scaled map section at the minimum.

Granting of an exploration licence to an applicant by the GDMPA is subject to: (a) the technical and financial capability of the applicant; (b) compliance of the application with relevant law; and (c) the "work and investment programme" bid covering the minimum work obligations to be performed in the licence area during the initial five year term of the exploration licence.

Upon submission of an application for open acreage, the application is announced by the GDMPA in the Turkish Official Gazette (the "**Gazette**"). Acreage is then open for applications by other parties for a period of 90 days from the announcement date of the initial application. If there are competing applications to the same open acreage, GDMPA and MENR shall review such applications based on the criteria outlined above and decide on the winning application accordingly. The decision on granting of the exploration licence is announced in the Gazette.

An applicant for an exploration licence must file with the GDMPA an application consisting, inter alia, of the following material submissions: (a) technical criteria and coordinates defining the licence area in a manner provided under the Regulations; (b) a five year work and investment programme covering the minimum work obligations to be performed in the licence area during the initial five year term of the exploration licence; (c) a letter of undertaking confirming the applicant's adherence to related laws and regulations and licence requirements. If the applicant is applying to the GDMPA for the first time, in addition to aforementioned documents, a "source file" of the applicant should also be filed to GDMPA. The source file should include, inter alia, corporate information and documents regarding the applicant, its authorised representative resident in Turkey, and documents proving the financial capability of the applicant.

Upon granting of the exploration licence, an applicant must file “work and investment bonds” with the GDMPA equal to 2% of the total monetary value of the operations indicated under the five year work and investment programme agreed with GDMPA. In addition to this, the applicant should also submit a “loss and damage bond” which shall be retained by the GDMPA until the expiry or cancellation of the licence as a security against any environmental liabilities of the applicant. The amount of the loss and damage bond is calculated based on a formula provided under the regulations which is based on the size of the relevant licence.

The term of an onshore exploration licence is five years and it may be renewed at the election of the holder, subject to the GDMPA consent, up to two times for up to an additional two years for each renewal. The operator must submit a new work and investment programme covering the extended term of the licence (which should at least include drilling of one well) and a work and investment bond in the amount equal to 2% of the total monetary commitment of the new programme. The overall term of an exploration licence may not exceed total nine years (i.e. the five year initial term plus two extensions of two years each). However, if there is a discovery in the licence area, an additional period of two years may be granted to enable the operator to evaluate the commerciality of the discovery. As a result of COVID-19, the GDMPA in early 2022 extended the term of issued exploration licences by one year.

The holder of an exploration licence has the following material rights and obligations:

a) any foreign entity licence holder must register its branch in Turkey within 60 days following the granting of its first licence and must have an authorised representative resident in Turkey;

b) a licence holder may explore for and develop hydrocarbons (crude oil, natural gas or both) within the licence area, and if there is a discovery, the licence holder can produce and sell hydrocarbons from the licence area pending conversion to a production lease;

c) the licence holder must fulfil the minimum work obligations committed under the work and investment programme submitted to the GDMPA. Failure to fulfil work obligations in any given licence year will result in forfeiture of the work and investment bond for such year to the extent related with the unfulfilled portion of the commitment. If the licence holder performs none of the minimum work obligations for two consecutive years, the licence shall be revoked, and all work and investment bonds shall be forfeited;

d) the licence holder must comply with the environmental requirements defined under applicable laws and regulations during its operations;

e) the licence holder must compensate the owner of the lands where it performs operations for any damage caused on such lands as well as for loss of product (e.g. agricultural value). The licence holder must also restore the original condition of such lands and abandon the facilities upon completion of operations;

f) the licence holder has the right to export 35% of the crude oil and natural gas produced from onshore fields discovered after January 1, 1980, the balance of the production is reserved for local consumption;

g) the licence holder shall be exempted from custom taxes and duties for the equipment, materials, fuel, vehicles to be imported to Turkey with the approval of GDMPA, for utilisation in petroleum operations. The licence holder also enjoys certain exemptions from VAT, Special Consumption Tax and Stamp Tax to the extent defined under relevant laws provided that such exemptions are applicable for operations related with exploration activities;

h) the licence holder may transfer its exploration licence (or a partial participating interest thereon) to another entity provided that GDMPA’s prior consent is obtained. It is also possible to register certain rights and encumbrances on an exploration licence again with the GDMPA's prior consent; and

i) change of control in the shareholding of a licence holder is subject prior consent of the MENR.

Production Leases

The granting of a production lease to an applicant by the GDMPA is subject to a commercial discovery within the predecessor exploration licence area and submission of a work and investment programme commitment.

A production lease area shall be carved out from the predecessor exploration licence area based on the commercial reservoir assessment of the applicant which is approved by the GDMPA. The remainder of the exploration licence will continue to be in effect until the end of its term.

An applicant for a production lease must submit to the GDMPA an application consisting, inter alia, of the following material submissions: (a) technical criteria and coordinates defining the lease area in a manner provided under the Regulations; (b) technical information regarding the reservoir, geological formations, seismic lines and interpretations; (c) an environmental impact assessment report (if applicable, subject to production volume); (d) a work and investment programme covering proposed seismic lines, wells to be drilled annually, investment amounts and facilities to be built in the lease area; and (e) a letter of undertaking confirming the applicant's adherence to related laws and regulations and licence requirements.

The initial term of a production lease is 20 years and it may be renewed, subject to the GDMPA consent, up to two times for up to an additional 10 years for each renewal. Renewals shall be granted only if commercial production from the lease area is maintained continuously. With each renewal, the lease holder must submit a new work programme covering the renewed term.

At the expiry of production leases, expired lease areas are first offered to Turkish Petroleum A.O., the national oil company of Turkey. If Turkish Petroleum A.O. refuses to take over the expired lease areas, such lease areas shall be offered to operators by means of public auction in a manner described under the New Petroleum Law.

The holder of a production lease has the following material rights and obligations:

a) a production lease grants its owner the right to produce hydrocarbons (crude oil, natural gas or both if available) from the lease area. The lease holder can also perform exploration activities within the lease area if it considers that unexplored reservoirs are available;

b) the lease holder must maintain continuous production from the lease area in accordance with its commitments under the work programme submitted to the GDMPA. Failure to abide by this obligation may result with cancellation of the lease;

c) the lease holder may be granted pipeline construction permits for the transportation of produced hydrocarbons;

d) the lease holder must pay 1/8th of the hydrocarbons produced from the lease area to the Turkish government as a royalty;

e) the lease holder must comply with the environmental requirements defined under applicable laws and regulations during its operations;

f) the lease holder must compensate the owner of the lands where it performs operations for any damage caused on such lands as well as for loss of product (e.g. agricultural value). The lease holder shall also restore the original condition of such lands and abandon the facilities upon completion of operations;

g) at the expiry or cancellation of the lease, the lease holder must comply with and fully satisfy abandonment obligations defined under the New Petroleum Law and Regulations;

h) the lease holder shall be exempted from custom taxes and duties for the equipment, materials, fuel, vehicles to be imported to Turkey, with the approval of the GDMPA, for utilisation in petroleum operations;

i) the lease holder may transfer its production lease (or a partial participating interest thereon) to another entity provided that the GDMPA's prior consent is obtained. It is also possible to register certain rights and encumbrances on a production lease, with the GDMPA's prior consent; and

j) change of control in the shareholding of a lease holder is subject prior consent of MENR.

Marketing

The marketing of natural gas in Turkey is subject to Natural Gas Market Law No. 4646 adopted as of April 18, 2001 (as amended) and its associated regulations ("**Natural Gas Market Law**").

The Natural Gas Market Law covers the import, transmission, distribution, storage, marketing, trade and export of natural gas. Generation of natural gas is defined under the Natural Gas Market Law as the extraction of natural gas from the underground natural gas fields in Turkey. Generation activities are not regarded as market activities. Generation companies, provided that they hold a wholesale licence, may market generated gas to wholesale companies, import companies, distribution companies or free consumers. The generation companies are allowed to sell such amount directly to consumers. Wholesale companies may sale all over the country without any regional restriction. The Energy Market Regulatory Authority shall determine the principles and conditions to be taken as basis for the natural gas sale tariffs, including any wholesale tariff. The sale prices, on the other hand, shall be determined freely within the framework of such principles by the parties involved in natural gas purchase and sale.

The marketing of petroleum in Turkey is subject to Petroleum Market Law No. 5015 enacted as of December 4, 2003 and its associated regulations ("**Petroleum Market Law**").

The objective of the Petroleum Market Law is to regulate the guidance, surveillance and supervision activities in order to ensure the transparent, non-discriminatory and stable performance of market activities pertaining to the delivery of petroleum (crude oil) supplied from domestic and foreign resources to consumers, directly or after processing, in a reliable, cost-effective manner within a competitive environment. "Production" is defined as the production, pre-processing and transportation via pipelines to storages within the field, transmission line or to the refinery or storage of petroleum. A licence is not required for the sale of "Production".

Under the Petroleum Market Law, the pricing for the purchase and sales of petroleum shall be constituted according to the nearest accessible global free market conditions. For domestic crude oil, market price formed in the nearest delivery port or refinery shall be accepted as the price. Market price of the domestic crude oil shall be calculated by adding taxes and levies taken for import. Transportation market value formed in the liquid fuel prices shall be taken for the domestic land transportation fees.

A licence is not required for the Company to sell its crude oil production.

LEGAL AND REGULATORY PROCEEDINGS

Valeura is not a party to any legal proceeding nor was it a party to, nor is or was any of its property the subject of, any legal proceeding during the year ended December 31, 2021, that may exceed 10 percent of the current assets of Valeura, which involve a claim for damages, exclusive of interest and costs, assets nor is Valeura aware of any such contemplated legal proceedings.

During the year ended December 31, 2021, there were no: (i) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority; (ii) penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements the Company entered into before a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, officer or principal Shareholder, nor any affiliate or associate of such a person, has or has had any material interest in any transaction or any proposed transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect Valeura.

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada, at its principal office in Calgary, Alberta, is the transfer agent and registrar for the Common Shares.

INTERESTS OF EXPERTS

The auditors of the Company, KPMG LLP, are independent with respect to the Company, in accordance with the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information, including information as to directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorised for issuance under equity compensation plans is contained in the Proxy Statement and Information Circular of the Company prepared in connection with the most recent annual meeting of Shareholders that involved the election of directors. Additional financial information is provided in the Company's financial statements and management discussion and analysis for the year ended December 31, 2021.

Copies of this Annual Information Form, any interim financial statements of the Company subsequent to the annual financial statements, the Company's Proxy Statement and Information Circular and other additional information relating to the Company are available on SEDAR at www.sedar.com.

APPENDIX A-1 – FORM 51-101F1 – STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

FORM 51-101F1 STATEMENT OF RESERVES DATA
AND OTHER OIL AND NATURAL GAS INFORMATION

(Capitalised terms not specifically defined in this Appendix A-1 have the meaning ascribed to them in the Annual Information Form to which this Appendix A-1 is attached)

On May 26, 2021 Valeura announced that it had closed the sale of its producing shallow conventional gas business to TBNG Limited for cash consideration of $15.5 million, plus royalty payments of up to an additional $2.5 million. The Disposition was structured as a sale of the shares of TBNG and CRBV.

As at December 31, 2021, the Company has no oil and/or natural gas reserves.

The Company did not engage an independent evaluator to review its reserves or associated future net revenues for the period ended December 31, 2021.

RECONCILIATION OF THE COMPANY'S GROSS RESERVES BY PRINCIPAL PRODUCT TYPE BASED ON FORECAST PRICES AND COSTS

The following table sets forth a reconciliation of the changes in the Company's working interest, before royalties, of light and medium crude oil, heavy crude oil, conventional natural gas, natural gas liquids and oil equivalent reserves as at December 31, 2021 against such reserves as at December 31, 2020:

	Light and Medium Crude Oil			Heavy Crude Oil		
	Gross Proved (Mbbl)	Gross Probable (Mbbl)	Gross Proved Plus Probable (Mbbl)	Gross Proved (Mbbl)	Gross Probable (Mbbl)	Gross Proved Plus Probable (Mbbl)
At December 31, 2020	45	10	55	0	0	0
Extensions	0	0	0	0	0	0
Technical Revisions	0	0	0	0	0	0
Discoveries	0	0	0	0	0	0
Acquisitions	0	0	0	0	0	0
Dispositions	45	10	55	0	0	0
Economic Factors	0	0	0	0	0	0
Production	0	0	0	0	0	0
At December 31, 2021	0	0	0	0	0	0

	Conventional Natural Gas			Natural Gas Liquids		
	Gross Proved (MMcf)	Gross Probable (MMcf)	Gross Proved Plus Probable (MMcf)	Gross Proved (Mbbl)	Gross Probable (Mbbl)	Gross Proved Plus Probable (Mbbl)
At December 31, 2020	14,091	32,366	46,457	0	1	1
Extensions	0	0	0	0	0	0
Technical Revisions	0	0	0	0	0	0
Discoveries	0	0	0	0	0	0
Acquisitions	0	0	0	0	0	0
Dispositions	14,091	32,366	46,457	0	1	1
Economic Factors	0	0	0	0	0	0
Production	0	0	0	0	0	0
At December 31, 2021	0	0	0	0	0	0

	Oil Equivalent		
	Gross Proved (Mboe)	Gross Probable (Mboe)	Gross Proved Plus Probable (Mboe)
At December 31, 2020	2,393	5,405	7,798
Extensions	0	0	0
Technical Revisions	0	0	0
Discoveries	0	0	0
Acquisitions	0	0	0
Dispositions	2,393	5,405	7,798
Economic Factors	0	0	0
Production	0	0	0
At December 31, 2021	0	0	0

Oil and Gas Properties and Wells

As at December 31, 2021, the Company held operatorship and deep rights on six exploration licences and production leases in the Thrace Basin comprising approximately 0.23 million gross acres and 0.19 million net acres.

A listing of the Company's wells in Turkey as of December 31, 2021 is shown below:

	Oil Wells		Natural Gas Wells		Standing & Other Wells	
	Gross(1)	Net(2)	Gross(1)	Net(2)	Gross(1)	Net(2)
Producing	0	0	0	0	0	0
Non-producing	0	0	0	0	3	2.6
Total	0	0	0	0	3	2.6

Notes:

(1) "**Gross Wells**" are the total number of wells in which the Company has an interest.

(2) "**Net Wells**" are the number of wells obtained by aggregating the Company's working interest in each of its gross wells.

Properties with No Attributed Reserves

The following table sets out the Company's undeveloped land position in Turkey effective December 31, 2021:

	Undeveloped Acreage			
	Shallow Acreage (surface to a depth of 2,500 metres)		Deep Acreage (a depth of 2,500 metres and deeper)	
	Gross(1)	Net(2)	Gross(1)	Net(2)
Thrace Basin	0	0	225,859	188,114
Total	0	0	225,859	188,114

Notes:

(1) "**Gross**" means the total number of acres in which the Company has a working interest.

(2) "**Net**" means the number of acres obtained by aggregating the Company's working interest in each of its acreage positions.

No net undeveloped acreage is expected to expire in 2022.

Significant Factors or Uncertainties Relevant to Properties with No Attributed Reserves

At this time the Company has not completed an independent evaluation of its undeveloped acreage in Turkey. However, the Company has completed an independent assessment of its prospective resources on the TBNG JV Lands and the Banarli Licences effective December 31, 2018. Please see in the Company's annual information form for the year ended December 31, 2018, which is available under Valeura's issuer profile on SEDAR at www.sedar.com, for more information with respect to the Company's prospective resources as of December 31, 2018, including details regarding risked estimates.

Forward Contracts

Currently there are no material forward contracts or commitments.

Abandonment and Reclamation Costs

Abandonment and reclamation costs are estimated on an area by area basis. The industry's historical costs are used when available. If representative comparisons are not readily available, an estimate is prepared based on the various regulatory abandonment and reclamation requirements. The Company has 2.63 net wells as of December 31, 2021, for which abandonment and reclamation costs are expected to be incurred.

Tax Horizon

The Company paid cash income taxes in Turkey for the period ended December 31, 2021. Based on current estimates of the Company's future taxable income and expected future capital expenditures, management believes that the Company will not be required to pay cash income taxes in Turkey in 2022.

Costs Incurred

The following table summarises the capital expenditures made by the Company on oil and natural gas properties in Turkey for the year ended December 31, 2021.

	Property Acquisition (Disposition) Costs (M$)			
	Proved Properties	**Unproved Properties**	**Exploration Costs[14] (M$)**	**Development Costs[14] (M$)**
TBNG JV Lands	(13,914)	(1,232)	-	-
Deep Licenses	-	-	225	-
Total Turkey	(13,914)	(1,232)	225	-

Exploration and Development Activities

The Company drilled nil wells in 2021.

See "*Description of the Business and Operations*" in the Annual Information Form for a general description of Valeura's most important current and likely exploration and development activities.

Production History

The following table sets forth certain information in respect of production, product prices received, royalties, production costs and netbacks received by the Company for each quarter of its most recently completed financial year for properties in Turkey. All production in 2021 is attributable to the TBNG JV Lands which were disposed on May 26, 2021:

	Three Months Ended March 31, 2021	Three Months Ended June 30, 2021	Three Months Ended September 30, 2021	Three Months Ended December 31, 2021
Average Daily Production				
Light and Medium Crude Oil (bbl/d)	16	-	-	-
Conventional Natural Gas (Mcf/d)	4,008	3,684	-	-
boes (boe/d)	684	614	-	-
Average Prices Received			-	-
Light and Medium Crude Oil ($/bbl)(1)	68.41	-	-	-
Conventional Natural Gas ($/Mcf)(1)	5.52	5.04	-	-
boes ($/boe)(1)	33.92	30.24	-	-
Royalties			-	-
Light and Medium Crude Oil ($/bbl)(1)	7.03	-	-	-
Conventional Natural Gas ($/Mcf)(1)	0.75	0.68	-	-
boes ($/boe)(1)	4.54	4.19	-	-
Production Costs			-	-
Light and Medium Crude Oil ($/bbl)(1)	10.41	-	-	-
Conventional Natural Gas ($/Mcf)(1)	2.10	2.10	-	-
boes ($/boe)(1)	12.52	12.92	-	-
Netback Received			-	-
Light and Medium Crude Oil ($/bbl)(1)	50.97	-	-	-
Conventional Natural Gas ($/Mcf)(1)	2.68	2.27	-	-
boes ($/boe)(1)	16.86	13.13	-	-

Note:

(1) Reference to M US$, US$/bbl, US$/Mcf, US$/boe and US$/Mcfe are stated in United States dollars.

APPENDIX A-2 – FORM 51-101F3 - REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

VALEURA ENERGY INC.
FORM 51-101F3
REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

The Reserves & Health, Safety, Security and Community Relations Committee (the "Reserves Committee") of the board of directors (the "Board") of Valeura Energy Inc. (the "Company") has reviewed the oil and gas activities of the Company and has determined that the Company had no reserves as of December 31, 2021.

An independent qualified reserves evaluator or qualified reserves auditor has not been retained to evaluate the Company's reserves data. No report of an independent qualified reserves evaluator or qualified reserves auditor will be filed with securities regulatory authorities with respect to the financial year ended on December 31, 2021.

The Reserves Committee has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management.

The Board, on the recommendation of the Reserves Committee, approved:

a) The content and filing with the securities regulatory authorities of Form 51-101F1 containing information detailing the Company's oil and gas activities; and

b) The content and filing of this report.

Dated: March 30, 2022

(signed) "*Sean Guest*"
Sean Guest
President and Chief Executive Officer

(signed) "*Gordon Begg*"
Gordon Begg
Vice President, Commercial

(signed) "*Ronald Royal*"
Ronald Royal
Director and Chairman of Reserves Committee

(signed) "*Timothy Marchant*"
Timothy Marchant
Director and Member of Reserves Committee

APPENDIX B – TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

APPENDIX B

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

I. PURPOSE

The primary function of the Audit Committee (the "**Committee**") is to assist the Board in fulfilling its oversight responsibilities by reviewing:

A. the financial information that will be provided to the shareholders and others;

B. the systems of internal controls, management and the Board of Directors have established; and

C. all audit processes.

Primary responsibility for the financial reporting, information systems, risk management and internal controls of Corporation is vested in management and is overseen by the Board.

II. COMPOSITION AND OPERATIONS

A. The Committee shall be composed of not fewer than three directors and not more than five directors, all of whom are independent[1] directors of the Corporation.

B. All Committee members shall be "financially literate"[2] and at least one member shall have "accounting or related financial expertise". The Committee may include a member who is not financially literate, provided he or she attains this status within a reasonable period of time following his or her appointment and providing the Board has determined that including such member will not materially adversely affect the ability of the Committee to act independently.

C. The Committee shall operate in a manner that is consistent with the Committee Guidelines outlined in Tab 7 of the Board Manual.

D. The Corporation's auditors shall be advised of the names of the committee members and will receive notice of and be invited to attend meetings of the Audit Committee, and to be heard at those meetings on matters relating to the Auditor's duties.

E. The Committee has the authority to communicate with the external auditors as it deems appropriate to consider any matter that the Committee or auditors determine should be brought to the attention of the Board or shareholders.

F. The Committee shall meet at least four times each year.

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1 Independence requirements are described in the Appendix to Tab 5, Board Operating Guidelines.

2 The Board has adopted the NI 52-110 definition of "financial literacy", which is an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.

III. Duties and Responsibilities

Subject to the powers and duties of the Board, the Committee will perform the following duties:

A. *Financial Statements and Other Financial Information*

The Committee will review and recommend for approval to the Board financial information that will be made publicly available. This includes:

i) review and recommend approval of the Corporation's annual financial statements and MD&A and report to the Board of Directors before the statements are approved by the Board of Directors;

ii) review and approve for release the Corporation's quarterly financial statements and press release;

iii) satisfy itself that adequate procedures are in place for the review of the public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in items (i) and (ii) above, and periodically assess the adequacy of those procedures; and

iv) review the Annual Information Form and any Prospectus/Private Placement Memorandums.

Review and discuss:

v) the appropriateness of accounting policies and financial reporting practices used by the Corporation;

vi) any significant proposed changes in financial reporting and accounting policies and practices to be adopted by the Corporation;

vii) any new or pending developments in accounting and reporting standards that may affect the Corporation;

viii) review with management, the external auditors and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Corporation, and the manner in which these matters may be, or have been, disclosed in the financial statements; and

ix) review accounting, tax and financial aspects of the operations of the Corporation as the Committee considers appropriate.

B. *Risk Management, Internal Control and Information Systems*

The Audit Committee will review and obtain reasonable assurance that the risk management, internal control and information systems are operating effectively to produce accurate, appropriate and timely management and financial information. This includes:

i) review the Corporation's risk management controls and policies;

ii) obtain reasonable assurance that the information systems are reliable and the systems of internal controls are properly designed and effectively implemented through discussions with and reports from management, the internal auditor and external auditor; and

iii) review management steps to implement and maintain appropriate internal control procedures including a review of policies.

C. *External Audit*

The External Auditor is required to report directly to the Committee, which will review the planning and results of external audit activities and the ongoing relationship with the external auditor. This includes:

i) review and recommend to the Board, for shareholder approval, engagement and compensation of the external auditor;

ii) review and approve the annual external audit plan, including but not limited to the following:

  a) engagement letter;

  b) objectives and scope of the external audit work;

  c) procedures for quarterly review of financial statements;

  d) materiality limit;

  e) areas of audit risk;

  f) staffing;

  g) timetable; and

  h) approve fees;

iii) meet with the external auditor to discuss the Corporation's quarterly and annual financial statements and the auditor's report including the appropriateness of accounting policies and underlying estimates;

iv) maintain oversight of the External Auditor's work and advise the Board, including but not limited to:

  a) the resolution of any disagreements between management and the External Auditor regarding financial reporting;

  b) any significant accounting or financial reporting issue;

  c) the auditors' evaluation of the Corporation's system of internal controls, procedures and documentation;

  d) the post audit or management letter containing any findings or recommendation of the external auditor, including management's response thereto and the subsequent follow-up to any identified internal control weaknesses;

e) any other matters the external auditor brings to the Committee's attention; and

f) assess the performance and consider the annual appointment or re-appointment of external auditors for recommendation to the Board ensuring that such auditors are participants in good standing pursuant to applicable regulatory laws;

v) review the auditor's report on all material subsidiaries;

vi) review and discuss with the external auditors all significant relationships that the external auditors and their affiliates have with the Corporation and its affiliates in order to determine the external auditors' independence, including, without limitation:

a) requesting, receiving and reviewing, on a periodic basis, a formal written statement from the external auditors delineating all relationships that may reasonably be thought to bear on the independence of the external auditors with respect to the Corporation;

b) discussing with the external auditors any disclosed relationships or services that the external auditors believe may affect the objectivity and independence of the external auditors; and

c) recommending that the Board take appropriate action in response to the external auditors' report to satisfy itself of the external auditors' independence;

vii) review and pre-approve any non-audit services to be provided by the external auditor's firm or its affiliates (including estimated fees), and consider the impact on the independence of the external audit; and

viii) meet periodically, and at least annually, with the external auditor without management present.

D. *Compliance*

The Committee shall:

i) ensure that the External Auditor's fees are disclosed by category in the Annual Information Form in compliance with regulatory requirements;

ii) disclose any specific policies or procedures the Corporation has adopted for pre-approving non-audit services by the External Auditor including affirmation that they meet regulatory requirements;

iii) assist the Governance and Compensation Committee with preparing the Corporation's governance disclosure by ensuring it has current and accurate information on:

a) the independence of each Committee member relative to regulatory requirements for audit committees;

b) the state of financial literacy of each Committee member, including the name of any member(s) currently in the process of acquiring financial literacy and when they are expected to attain this status; and

c) the education and experience of each Committee member relevant to his or her responsibilities as Committee member;

iv) disclose if the Corporation has relied upon any exemptions to the requirements for Audit Committees under regulatory requirements.

E. ***Other***

The Committee shall:

i) establish and periodically review implementation of procedures for:

a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

b) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;

ii) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former External Auditor;

iii) review insurance coverage of significant business risks and uncertainties;

iv) review material litigation and its impact on financial reporting;

v) review policies and procedures for the review and approval of officers' expenses and perquisites;

vi) review policies and practices concerning the expenses and perquisites of the Chairman, including the use of the assets of the Corporation;

vii) review with external auditors any corporate transactions in which directors or officers of the Corporation have a personal interest;

viii) review the terms of reference for the Committee annually and make recommendations to the Board as required;

ix) review list of gifts and entertainment expenses and other matters contemplated under the Anti-Corruption Policy; and

x) review the adequacy of the Anti-Corruption Policy and report on its implementation and matters arising thereunder to the Board.

IV. ACCOUNTABILITY

A. The Committee Chair has the responsibility to make periodic reports to the Board, as requested, on financial matters relative to the Corporation.

B. The Committee shall report its discussions to the Board by maintaining minutes of its meetings and providing an oral report at the next Board meeting.