valeura energy inc.

VALUE GROWTH

GULF OF THAILAND ASSET ACQUISITION

APRIL 28, 2022

Advisories

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Forward-looking information is based on management's current expectations and assumptions regarding, among other things: the ability to close the Acquisition and to fund it from cash on hand and future cash flow; the ability to successfully re-start production from the Wassana field in Q4 2022; the ability to achieve a materially lower cost base for the Wassana field in the order of US$36/bbl through the MOPU purchase and other new facility leasing contracts; continued Brent benchmark pricing; the ability to achieve oil sales from Wassana at a discount of approximately US$6/bbl to Brent benchmark pricing and generate net cashflows at current commodity prices; the ability to fully identify and execute infill drilling opportunities in the Wassana field; the ability to achieve regulatory and partner approvals for a new development plan in the Rossukon field; the ability to successfully pursue further opportunities in Thailand and achieve synergies including utilisation of tax losses; political stability of the areas in which the Company is operating and completing transactions; continued safety of operations and ability to proceed in a timely manner; the ability to identify attractive merger and acquisition opportunities to support growth; and the Company's continued ability to obtain and retain qualified staff and equipment in a timely and cost efficient manner. In addition, the Company'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, high-pressure stimulation and other specialised oilfield equipment and service providers for onshore and offshore operations, changes in partners' plans and unexpected delays and changes in market conditions. Although the Company believes the expectations and assumptions reflected in such forward-looking information are reasonable, they may prove to be incorrect.

Forward-looking information involves significant known and unknown risks and uncertainties. Exploration, appraisal, and development of oil and natural gas reserves and resources are speculative activities and involve a 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 ability of management to execute its business plan or realise anticipated benefits from the Acquisition; the risks of further disruptions from the COVID-19 pandemic; the risks of currency fluctuations; changes in oil and gas prices and netbacks in Thailand and Turkey; potential changes in joint venture partner strategies and participation in work programmes; potential assertions of pre-emptive rights by a partner or potential disputes with a partner in connection with the Acquisition; uncertainty regarding the contemplated timelines and costs for offshore development plans in Thailand and the deep tight gas play evaluation in Turkey; the risks of disruption to operations and access to worksites; potential changes in laws and regulations, and the uncertainty regarding government and other approvals; counterparty risk; risks associated with weather delays and natural disasters; and the risk associated with international activity. The forward-looking information included in this presentation is expressly qualified in its entirety by this cautionary statement. See the AIF for a detailed discussion of the risk factors.

The forward-looking information contained in this presentation is made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. The forward-looking information contained in this presentation is expressly qualified by this cautionary statement.

Oil and Gas Advisories Reserves and contingent resources disclosed in this announcement are based on an internal evaluation (non-independent) conducted by Valeura with an effective date of December 31, 2021. Reserves and resources are in the process of being updated by the incumbent independent petroleum engineering firm, NSAI, and will be published by the Company in due course. The reserves and contingent resources estimates disclosed in this announcement are estimates only and there is no guarantee that the estimated reserves and contingent resources will be recovered.

Contingent Resources Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies are conditions that must be satisfied for a portion of contingent resources to be classified as reserves that are: (a) specific to the project being evaluated; and (b) expected to be resolved within a reasonable timeframe. Specific contingencies which prevent the classification of the contingent resources disclosed in this announcement as reserves are: the uncertainty in performance of additional future G10/48 Wassana infill drilling locations; the current non-commercial nature of the two G10/48 undeveloped discoveries; the uncertainty of the G6/48 Rossukon final development scope and timing; and the pending G6/48 Rossukon development partner and government approvals.

Contingent resources are further classified in accordance with the level of certainty associated with the estimates and may be sub-classified based on a project maturity and/or characterised by their economic status. There are three classifications of contingent resources: low estimate, best estimate and high estimate. Best estimate is a classification of estimated resources described in the Canadian Oil and Gas Evaluation Handbook as the best estimate of the quantity that will be actually recovered; it is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability that the quantities actually recovered will equal or exceed the best estimate. All of the Company's contingent resources disclosed in this announcement are best-case estimates.

The project maturity subclasses include development pending, development on hold, development unclarified and development not viable. All of the Company's contingent resources disclosed in this announcement are classified as either development on hold or development unclarified. Development on hold is defined as a contingent resource where there is a reasonable chance of development, but there are major non-technical contingencies to be resolved that are usually beyond the control of the operator. Development unclarified is defined as a contingent resource that requires further appraisal to clarify the potential for development and has been assigned a lower chance of development until commercial considerations can be clearly defined. Chance of development is the probability of a project being commercially viable. The estimates of contingent resources referred to in this announcement are unrisked and therefore have not been risked for the chance of development.

The development of the contingent resources referred to in this announcement is dependent upon the following factors: the performance of the initial G10/48 Wassana infill drilling campaign; further appraisal of the two G10/48 undeveloped discoveries and their cost of development; the G6/48 Rossukon final development scope, cost and timing; and the pending G6/48 Rossukon development partner and government approvals.

There is uncertainty that it will be commercially viable to produce any portion of the contingent resources disclosed in this announcement.

Barrels of Oil Equivalent 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.

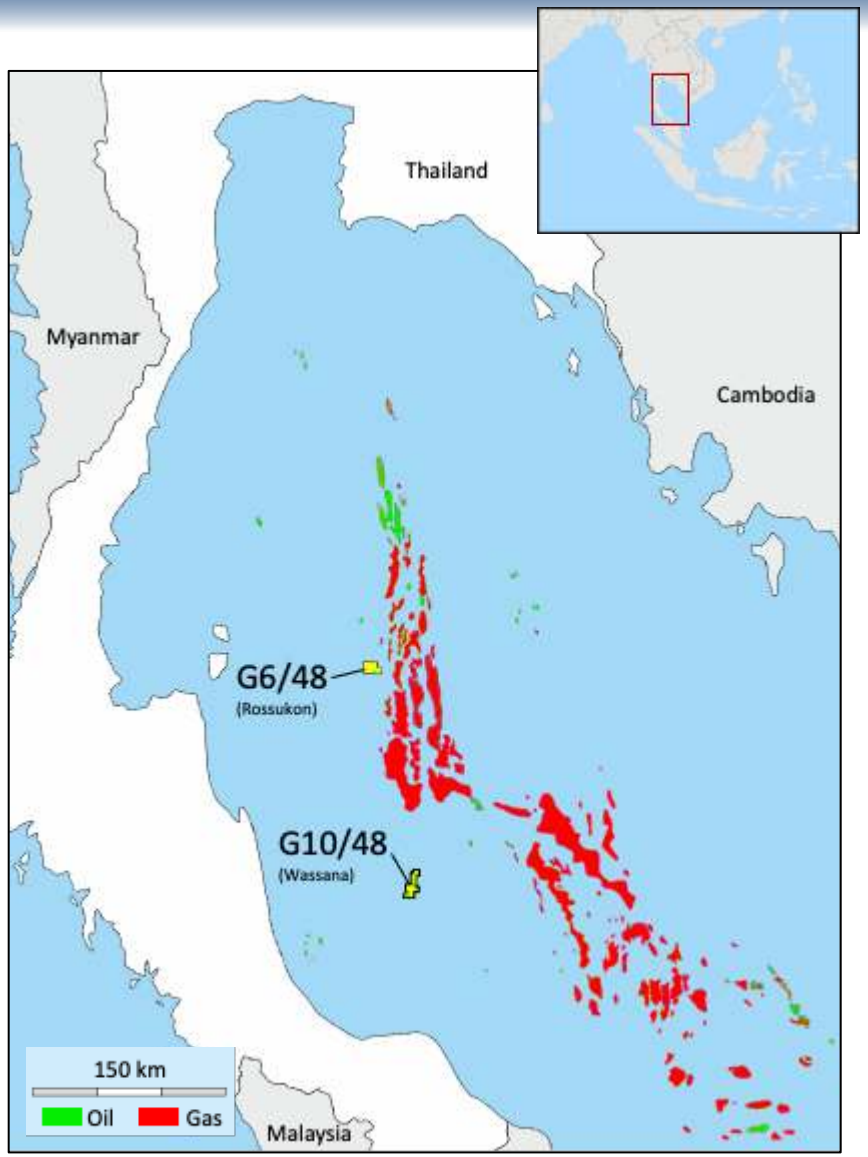
Gulf of Thailand Acquisition

Overview

- **Acquisition of Gulf of Thailand company out of receivership**
- **Price US$3.1 million (plus US$7.0 million contingent)**
- **Production facility (MOPU) acquisition for US$9.2 million[1]**
- **Key acquisition highlights**
  - A new operating and management team for Valeura in Thailand
  - Near-term oil production of 3,000 bbls/d, 4.0mmbbl 2P reserves[2]
  - Anticipated net cash flows of US$9 million per quarter after re-activation of Wassana oil field production[3]
  - Upside through 13.3 mmboe contingent resource, including the undeveloped 5.0 mmbbl Rossukon oil field[2]
  - Access to tax loss carry forwards
- **Cash-funded via a majority-owned SPV**
  - No equity raise
  - Add of a specialised in-region leadership team

Strong Deal Metrics

- **US$2.14/bbl recoverable (2P + Rossukon)**
- **US$6,433/ flowing bbl acquired (Wassana only)[4]**
- **Anticipated payback within 6 months of restart**



1. Mobile Offshore Production Unit (MOPU) purchase price phased over 14 months
2. Management's best estimate of 2P reserves and resources (Dec. 31, 2021), net to SPV
3. Based on current benchmark commodity prices ($94/bbl realised) price)
4. Total purchase price / Wassana anticipated near-term production rate

Why Thailand: An Excellent Platform for Valeura's Strategy

Upstream Summary

- Mature hydrocarbon basin
  - Thailand produces >700,000 boe/d (DMF, 2020. 70% gas, 30% oil)
  - Producing assets available through M&A
  - Relatively low competition
- Successful basin for small-mid cap operators
- Local market demand and ability to export
- Educated and experienced local workforce
- Services available in country/region, competitive
  - Similar geology across basin creates economies of scale on opex
  - Repeated development technologies, cookie-cutter approach
- Sophisticated and pragmatic regulator
- Good fiscal terms – royalty/tax regime
  - 5-15% sliding scale royalty / 50% petroleum income tax
- Growing economy in Thailand
  - Average GDP growth 3.7% (Canada, US, UK all <2%)[1]
  - Primary energy demand growth 24% (Canada, US, UK all <5%)[2]

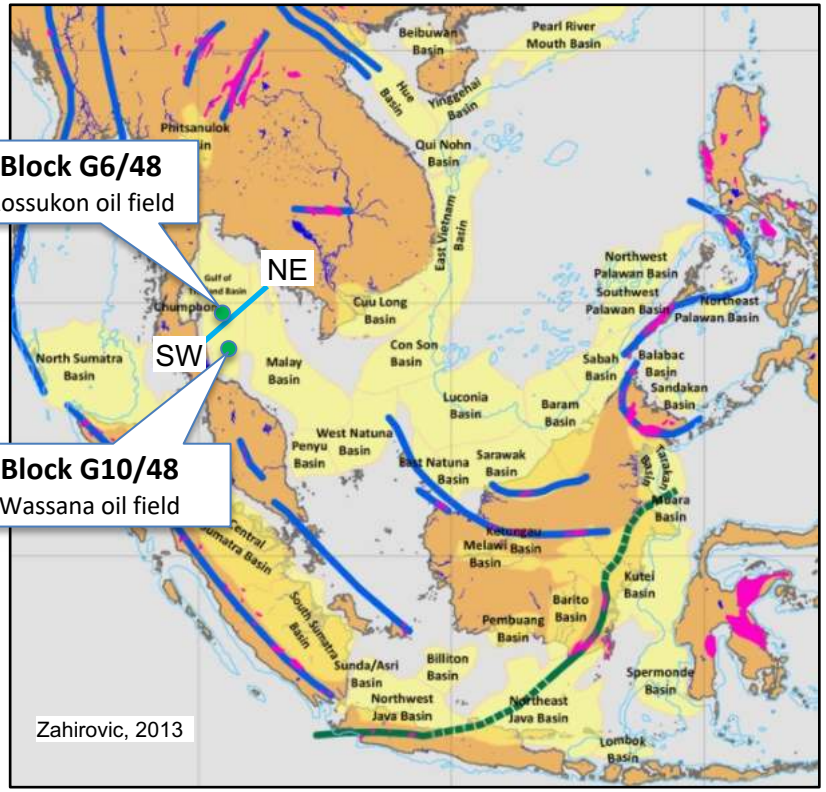
Familiar Environment

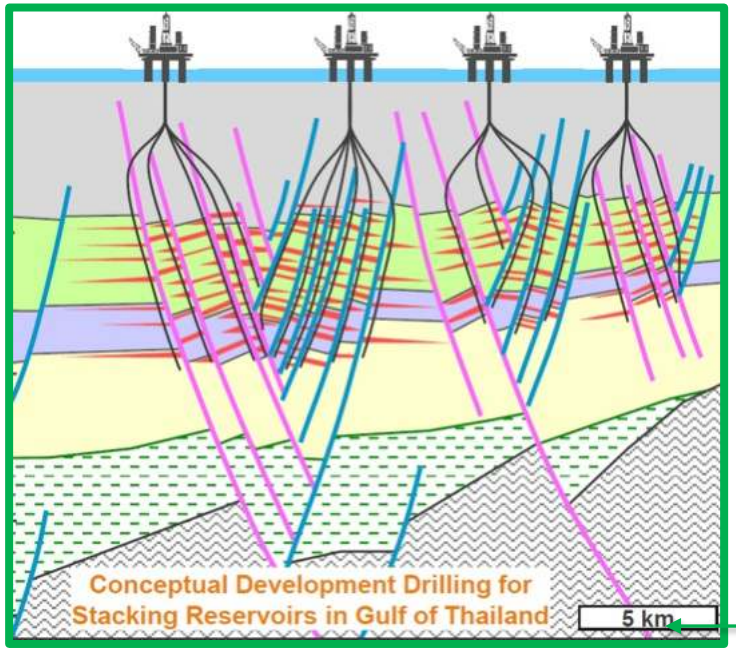
- Matches management's Southeast Asia experience
- Shallow water offshore oil
- Generally benign operating conditions

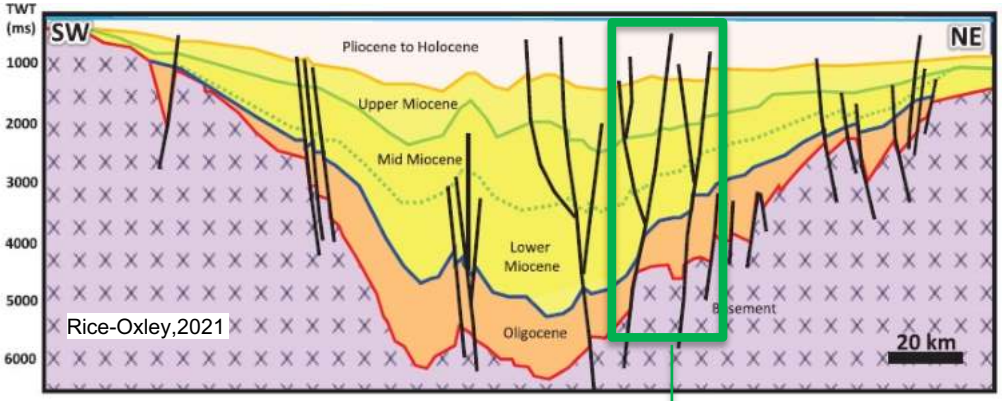
1. 10-year average, pre pandemic. Source: World Bank
2. 10-year average, pre-pandemic. Source: IEA

Gulf of Thailand – Reserves Renewal

- Pattani/Malay Basin has produced 10 billion boe
- Reservoir depths range from <1,000m to 2,000m
- Historically characterised by year-on-year reserves growth in developed fields
  - Hydrocarbon accumulations within fault closures and structural/stratigraphic traps in multiple stacked horizons
  - Horizontal wells drilled in laterally contiguous reservoirs
  - Typically multiple targets per well; a "bottom-up" ongoing completion strategy





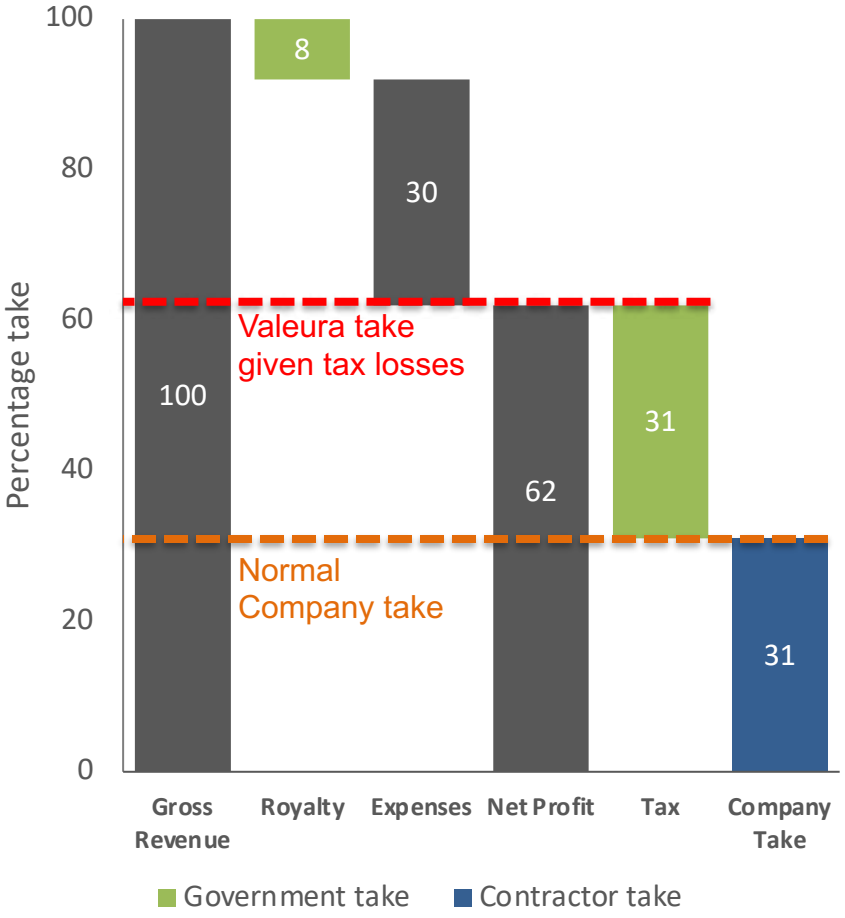


Thailand Fiscal Overview

Key Terms

- **Royalty + tax regime**
- **Thailand III terms (applies to post 1989 blocks)**
  - Sliding scale royalty (based on production rates) from 5% to 15% on gross revenue, deductible against petroleum income tax
  - Special Remuneration Benefit (SRB) of 0% to 75% on windfall profits, based on annual revenue, drilling activity, and geological complexity (expected to be nil for these licences)
- **Petroleum income tax rate 50% on net profits**
  - Deductions for royalty, opex, SRB, depreciation (5-yr tangible / 10-yr intangible pre-production assets)
  - Tax losses carried forward up to 10 yr max[2]
- **Decommissioning**
  - Decom. plan required once 60% of reserves produced or when there is five years remaining on the lease
  - Company must provide a financial guarantee according to schedule agreed with the DMF once near end of field life

Fiscal Illustration[1]



1. Based on Thailand III terms, with Special Remuneration Benefit of 0%. Effective royalty rate of 10% implies approximate asset production of 20,000 bbls/d
2. Transaction is structured as a corporate acquisition, therefore includes the Seller's carry-forward tax losses

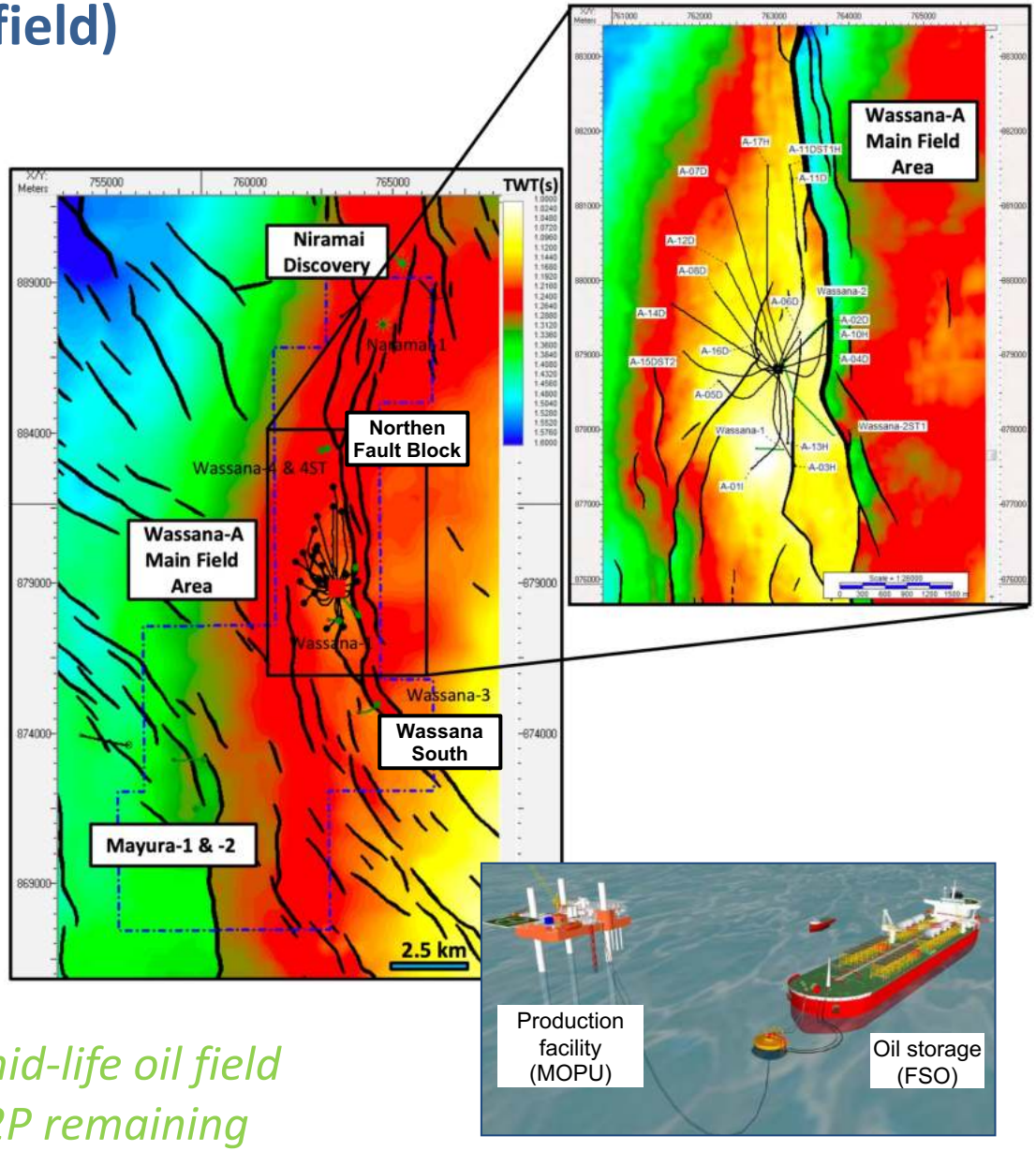
Block G10/48 (Wassana oil field)

Field/block Description

- **89% operated working interest**
- **First production in 2015, recently ~3,000 bbls/d net (shut in mid 2020)**
- **2P reserves 4.0 mmbbls + 2C resource 7.4 mmbbls[1]**
- **Final block expiry 2035**

Infrastructure

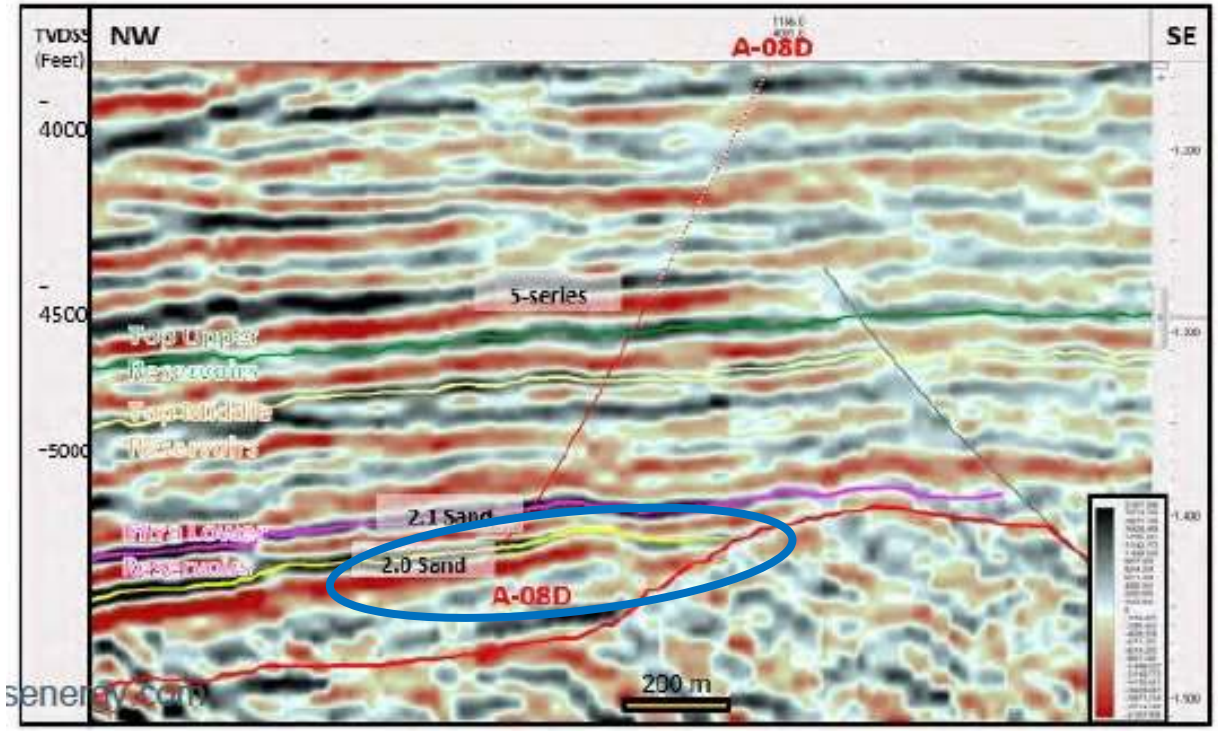
- **16 development wells**
- **Mobile Offshore Production Unit (*Ingenium*)**
  - 48 metres water depth
  - Oil processing capacity of 20,000 bbls/d
  - Water injection up to 15,000 bbls/d
  - Normal recertification planned for July 2022
- **Offload via Catenary Anchor Leg Mooring Buoy to a leased Floating Storage and Offloading (FSO) vessel**
  - Tendering complete, commercial agreements in progress
- **Production restart planned for Q4-2022**



Re-activation of a mid-life oil field with 4.0 mmbbls 2P remaining

1. Management's best estimate of 2P reserves and 2C resources, as of December 31, 2021, net to the SPV

Wassana Ongoing Development



Upside through infill drilling and near-field exploration/development

Further Wassana Infill Potential

- **Up to 15 additional infill targets**
  - Longer-reach horizontals from the Wassana-A Main Field Area
  - Main target is the "2.0 Sand" reservoir
  - Good visibility on seismic
- **Resource potential in "2.0 Sand" of 35 mmbbl[1]**

Near-field Exploration

- **Existing undeveloped discoveries at Niramai and Mayura Fields**
- **Prospects at Wassana South and Northern Fault Block**
- **Approximately 50 mmbbls[1] OOIP**

1. Management's best estimate of gross unrisked OOIP

Block G6/48 (Rossukon oil field)

Field/block Description

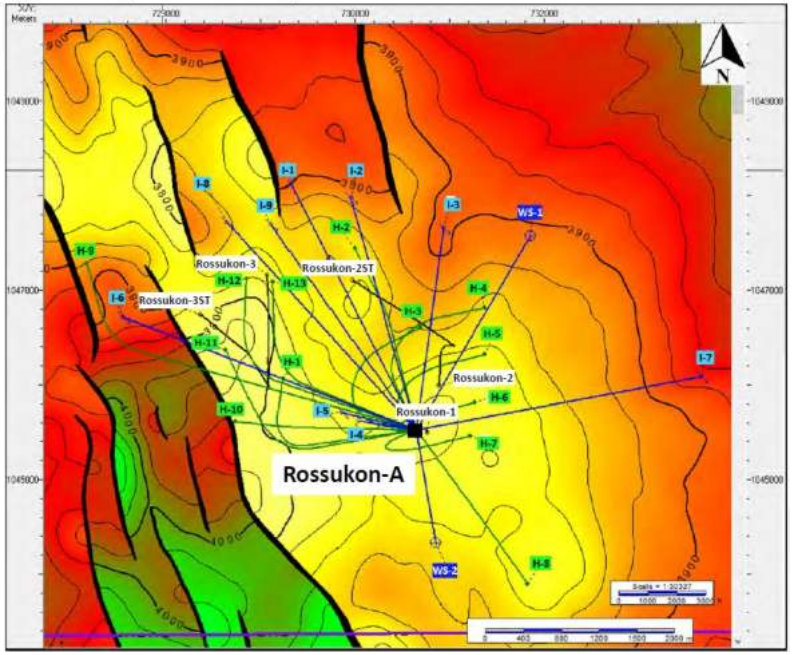
- **43% operated working interest**
- **Discovered in 2009**
- **Fully appraised by six wells drilled to date**
- **2C resource (net) 6.0 mmboe[1] plus upside opportunities**
  - Rossukon Field Extensions and near-field prospects containing mean unrisked gross OOIP 220 mmbbls[2]
- **Final block expiry 2036**

Approved Development Plan

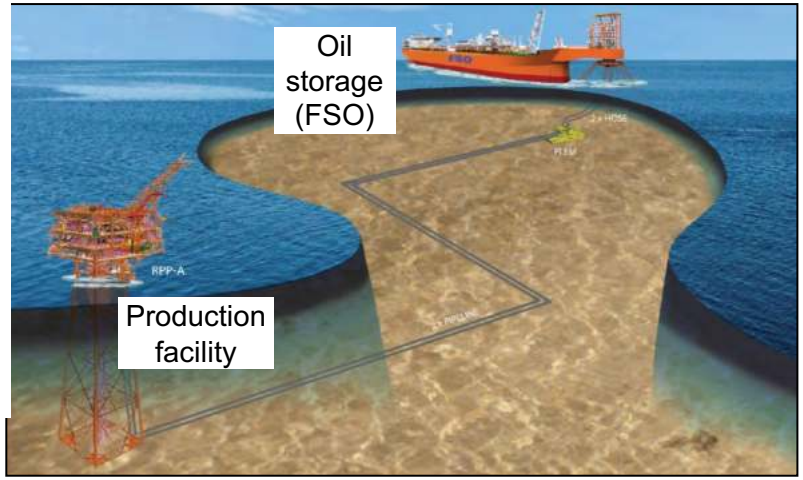
- **One fixed wellhead / production platform**
  - 53 metres water depth
  - Oil processing capacity of 25,000 bbls/d
  - Water injection up to 25,000 bbls/d
  - 24 well slots
- **Offload via leased Floating Storage Offloading (FSO) vessel**
- **First oil planned for 2023**
- **Potential early development scenario being discussed**

Re-invigorating a stalled development project

570 Sand Depth Structure Map



Rossukon-A Conceptual development



1. Management's best estimate of 2C resource, as of December 31, 2021, net to the SPV
2. Management's best estimate of gross unrisked OOIP

Sustainability Priorities

Environmental

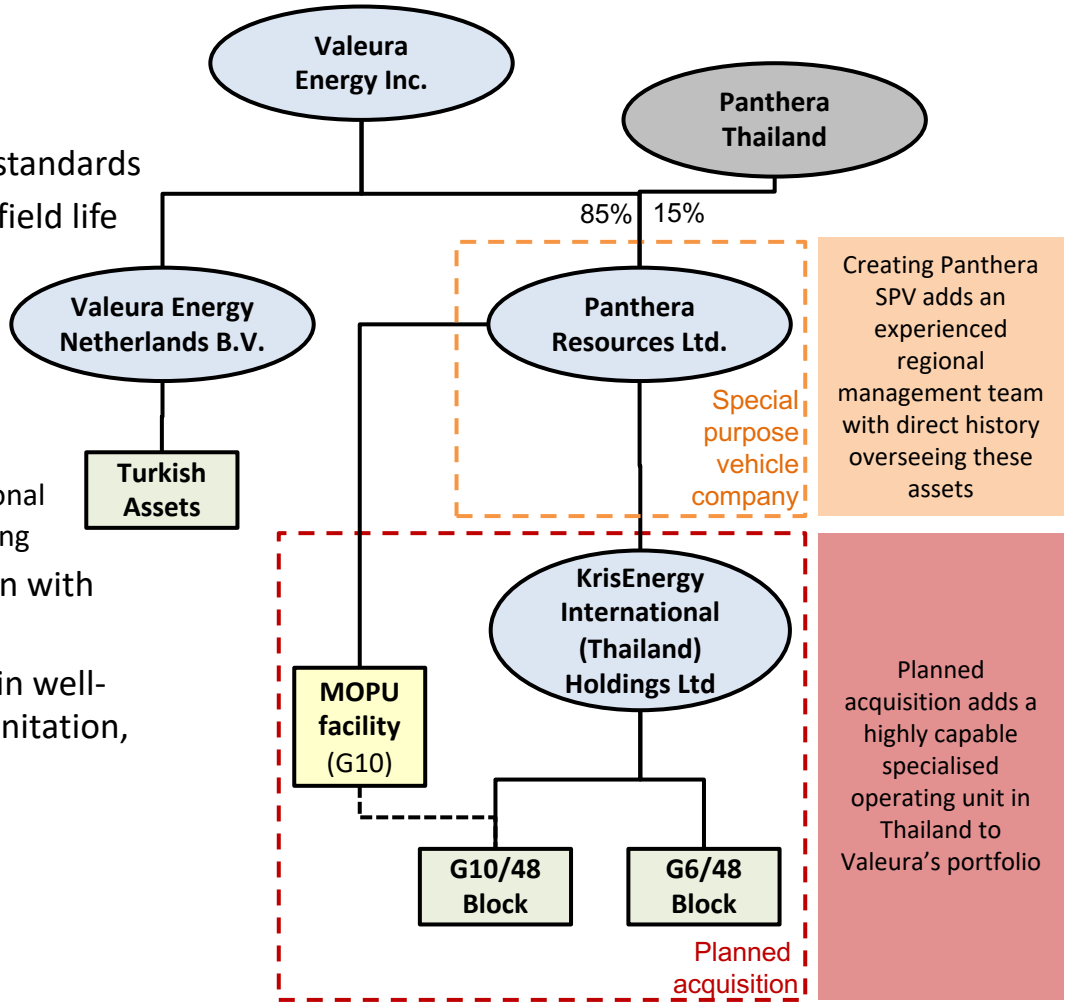
- Minimise flaring
- Manage produced water to high international standards
- Plan for decommissioning but strive to extend field life
- World-class integrity monitoring/maintenance

Social

- People are our priority
  - Empower a local workforce
  - Focus on knowledge transfer; exposure to international standards and leading-edge technical support/training
- Prioritise local industry sourcing and integration with service providers
- Actively support community programmes within well-defined themes (traditionally education and sanitation, but always adapting)

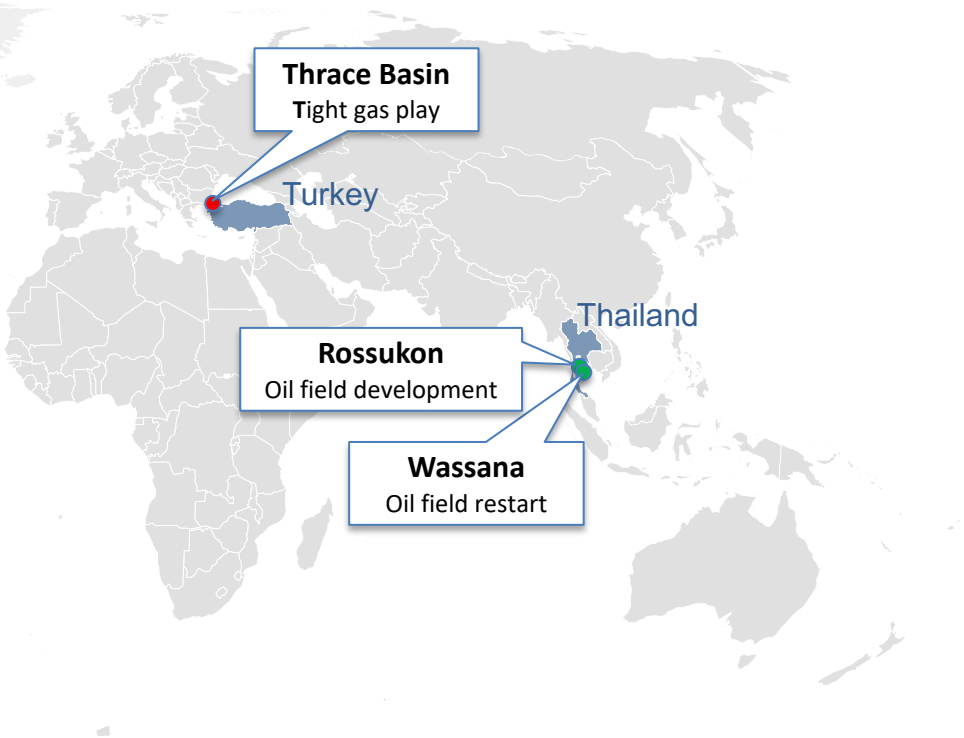
Governance and Leadership

- Ensure experienced and specialised leadership
- Highest standards of business ethics
- Continually enhance transparency
  - Increasing sustainability reporting
  - Adherence to strict public company disclosure requirements under both UK and Canadian regulations



Balanced Corporate Portfolio

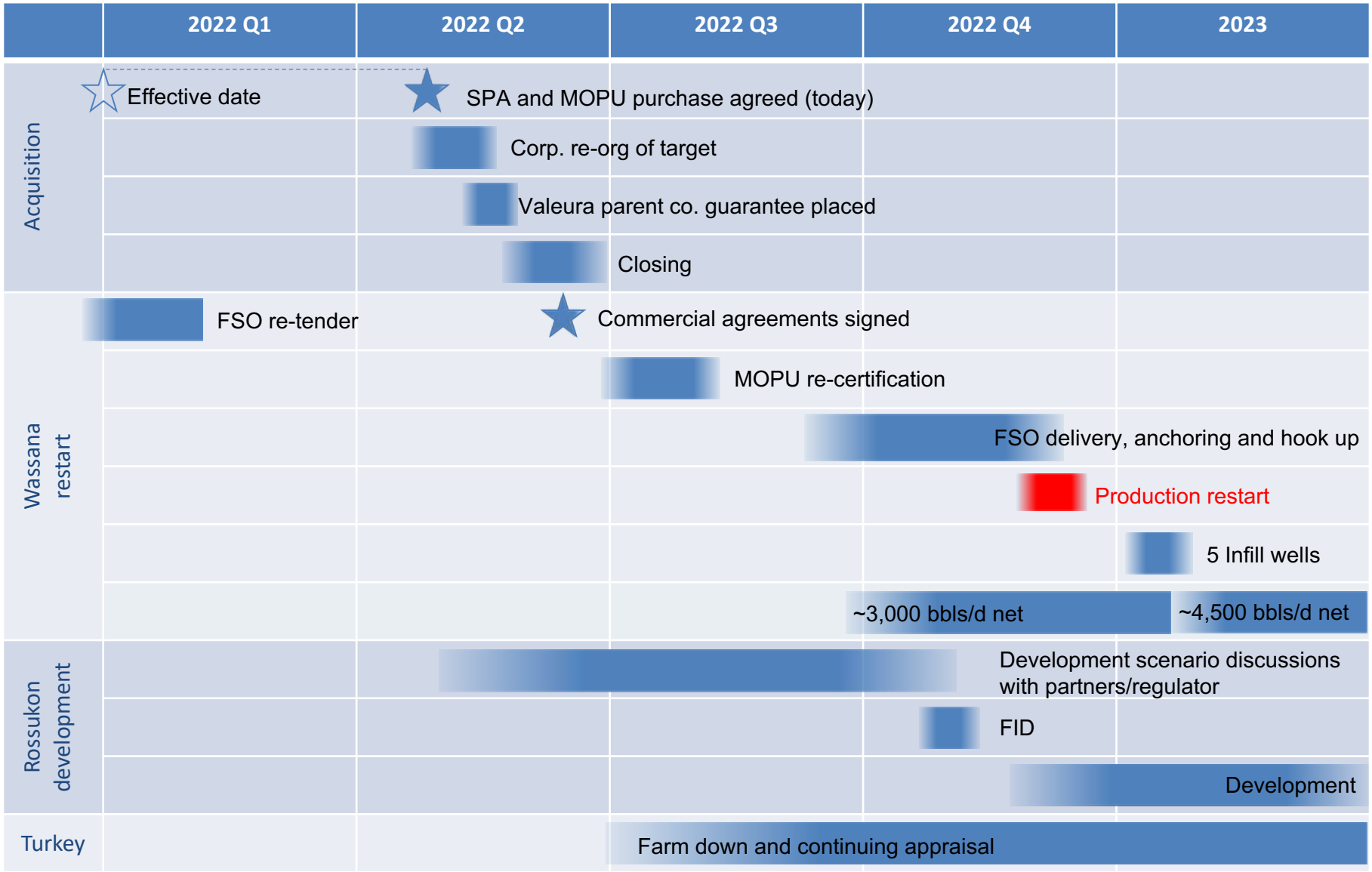
- **Thailand acquisition adds depth and diversity**
  - Near term oil production from the Wassana field
  - Medium term oil development and growth at the Rossukon field
  - Shallow water offshore operating environment
- **Turkey remains a core part of the portfolio**
  - Longer-term gas appraisal play
  - Potentially very large source of upside
  - Onshore and easily connected to Turkish and international markets
- **Continuing focus on good fiscal terms and stable operating environment**



Country	Asset	Interest	Product	Situation	Phase	Net reserves or resource
Thailand	Wassana	89%	Oil	Offshore	Production (near term)	4.0 mmbbls 2P, and 7.4 mmbbls 2C[1]
Thailand	Rossukon	43%	Oil	Offshore	Development (mid term)	6.0 mmboe 2C[1]
Turkey	Thrace basin	63% - 100%	Gas	Onshore	Appraisal (longer term)	3,283 mmboe (19.7 Tcfe)[2]

1. Management's best estimate of recoverable reserves and resources, as of December 31, 2021, net to the SPV
2. Net working interest, unrisked recoverable natural gas prospective resource (D&M report, Dec. 31, 2018)

Milestones


2022 Q1
2022 Q2
2022 Q3
2022 Q4
2023
Acquisition
Effective date
SPA and MOPU purchase agreed (today)
Corp. re-org of target
Valeura parent co. guarantee placed
Closing
Wassana restart
FSO re-tender
Commercial agreements signed
MOPU re-certification
FSO delivery, anchoring and hook up
Production restart
5 Infill wells
~3,000 bbls/d net
~4,500 bbls/d net
Rossukon development
Development scenario discussions with partners/regulator
FID
Development
Turkey
Farm down and continuing appraisal

Summary

- **Adding high value oil production and cashflow in the near term**
  - Strong deal metrics US$6,433/flowing bbl (Wassana 3,000 bbls/d)[1]
  - Material cash flow of US$9 million/qtr, resulting in quick payback of 6 months from production restart[2]
- **Medium-term growth that could double the business**
  - Growth not contingent on exploration success, further appraisal, or proof of concept
  - Modest cost per bbl of US$2.14/bbl (Wassana 2P + Rossukon 2C)[3]
- **Thailand presence creates concept of portfolio renewal**
  - Multiple productive reservoir horizons results in reserves replacement through infill drilling
  - Favourable fiscal terms and access to tax loss carry forwards
  - Platform to establish offshore operating reputation, and to grow further through M&A
  - Confidence through day-one add of experienced regional leadership and local operating unit
- **Turkey tight gas play remains source of potential upside in longer-term**

1. Total initial and contingent consideration plus MOPU cost
2. Based on current benchmark commodity prices
3. Management's best estimate of 2P reserves and resources as of Dec. 31, 2021, net to SPV

valeura energy inc.

General Corporate Enquiries (Valeura)

Sean Guest, President and CEO
Heather Campbell, CFO

+1 403 237 7102
Contact@valeuraenergy.com

Capital Markets / Investor Enquiries (Valeura)

Robin Martin, Investor Relations Manager

+1 403 975 6752 / +44 7392 940495
IR@valeuraenergy.com

Media Inquiries (CAMARCO Financial PR)

Owen Roberts
Billy Clegg

+44 (0) 20 3757 4980
Valeura@camarco.co.uk