The following Management's Discussion and Analysis ("MD&A") as provided by the management of Valeura Energy Inc. ("Valeura" or the "Company") is dated as of November 11, 2022 and should be read in conjunction with Valeura's unaudited condensed interim consolidated financial statements and related notes for the three and nine month periods ended September 30, 2022 and 2021 ("Interim Financial Statements"). Additional information relating to Valeura is available under Valeura's profile on www.sedar.com, including Valeura's annual information form for the year ended December 31, 2021 ("2021 AIF"). The reporting currency is the United States Dollar ("USD") (see the sections titled "Foreign Exchange" and "Currency Translation Adjustment" for discussion on Valeura's functional currencies).

Basis of Presentation

The Interim Financial Statements have been prepared in accordance with IAS 34 – Interim Financial Reporting of the International Financial Reporting Standards ("IFRS"). The Interim Financial Statements should be read in conjunction with Valeura's audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2021. The Interim Financial Statements have been prepared in accordance with IFRS accounting policies and methods of computation as set forth in Valeura's 2021 audited consolidated financial statements, with the exception of certain disclosures that are normally required to be included in annual consolidated financial statements, which have been condensed or omitted in the interim statements.

The discussion and analysis of oil and natural gas production is presented on a working-interest, before royalty basis. For the purpose of calculating unit of production information, natural gas is converted to a barrel of oil equivalent ("boe") using six thousand cubic feet of natural gas equal to one barrel of oil. This conversion ratio of 6:1 is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Readers are cautioned that boe as a unit of measure may be misleading, particularly if used in isolation.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the revenues and expenses during the reporting period. Management reviews these estimates, including those related to accruals, reserves, environmental and decommissioning obligations and income taxes at each financial reporting period. Changes in facts and circumstances may result in revised estimates and actual results may differ from these estimates. Readers should be aware that historical results are not necessarily indicative of future performance.

Any financial outlook or future oriented financial information in this MD&A, as defined by applicable securities legislation, has been approved by management of Valeura. Such financial outlook or future oriented financial information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

Accounting Policy

Hyperinflation in a subsidiary's functional currency

IAS 29 provides guidance on when a hyperinflation economic environment exists. When hyperinflation is deemed to exist, the subsidiary's financial statements are first restated before being translated into the consolidated financial statements. Comparative amounts are excluded from the restatement requirement when the presentation currency of the ultimate financial statements into which they will be included (USD) is non-hyperinflationary.

Monetary items are not restated because they are already expressed in terms of the monetary unit current at the end of the reporting period. Certain non-monetary items are carried at amounts current at the end of the reporting period, such as net realizable value and fair value, so they also are not restated. All other non-monetary assets and liabilities are restated in their functional currency so that all the items presented are equivalent to their current purchasing power at the end of the current reporting period. A non-monetary item once restated, in accordance with the appropriate IFRS's, cannot exceed its recoverable amount.

Non-controlling interest

Where there is a party with a non-controlling interest in a subsidiary that the Company controls, that non-controlling interest is reflected as "non-controlling interest" in the Interim Financial Statements. The non-controlling interests in net income (loss) of consolidated subsidiaries are shown as an allocation of the consolidated net income (loss) and are presented separately in "net income (loss) attributable to non-controlling interest". The only non-controlling interest presented is a 15% ownership of Valeura Energy Asia Pte. Ltd., the Company's special purpose vehicle company ("SPV"), which is a direct Singapore subsidiary of Valeura that owns all of the Q2 2022 purchased Thailand companies and was previously named Panthera Resources Pte. Ltd. In accordance with an agreement amongst the SPV owners, Valeura is funding the initial $20.0 million in the capital of the SPV, for which approximately $16.1 million has been funded to September 30, 2022.

The Company

Valeura is a Canada-based public company whose common shares ("Common Shares") are traded on the Toronto Stock Exchange under the trading symbol "VLE".

Valeura was established in 2010 to grow internationally through opportunistic acquisitions of producing assets with exploitation and exploration upside.

Turkey

The Company has been active in Turkey since its inception across all areas of exploration, development and production. The primary region of the Company's activity in Turkey has been the Thrace Basin, just west of Istanbul where the Company operated its gas production. Between 2017 and 2020, the Company undertook a large exploration and appraisal campaign of a deep, unconventional tight gas play ("Deep Gas Play") in partnership with Equinor. Equinor exited the Deep Gas Play in Q2 2020, and the Company is currently conducting a search for a new partner to progress further appraisal of the Deep Gas Play. In 2021, the Company sold its shallow conventional gas business in Turkey for total cash consideration of $16.85 million, plus royalty payments of $2.5 million (the "Disposition").

Valeura retained all the assets associated with the Deep Gas Play, and as at September 30, 2022, 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. Most of the Company's land holdings are in three exploration licences, all of which are in the first of three possible two-year extensions providing a period of up to five additional years to explore and appraise the Deep Gas Play, before the Company is required to convert the licences into production leases. The current first extension period has an expiry date of June 27, 2023, and the Company is required to drill a commitment well on each licence. The Company is currently seeking a partner for the continued appraisal of the Deep Gas Play prior to commencing further deep drilling.

Thailand

The Company has been active in Thailand since April 28, 2022, when it announced that it had entered into a sale and purchase agreement to acquire certain offshore Gulf of Thailand assets (the "Acquisition"). Upon closing of the Acquisition on June 15, 2022, the Company's 85% owned SPV became the holder of an 89% operated working interest in Licence G10/48 containing the Wassana Oil Field and a 43% operated working interest in the planned Rossukon Oil Field development in Licence G6/48. The Company has also agreed to purchase the mobile offshore production unit *Ingenium* (the "MOPU"), on location at the Wassana Oil Field.

The Company is seeking to continue building a balanced portfolio, which, in addition to the prospective high-value future upside in the Deep Gas Play, includes near-term cash flowing assets that additionally have further growth potential. In line with this strategy, the Company continues to seek additional mergers and acquisitions ("M&A") opportunities.

Operations and Outlook

Turkey

The three exploration licences, which hold the Deep Gas Play, have work commitments of geological studies and one exploration well in each licence. Through commercial arrangements with TBNG Limited, the operator of the shallow rights, two of the three commitment wells were drilled in Q3 2022, fulfilling the required work program in those blocks. The total cost to Valeura of these two wells was just over $0.4 million.

The Company believes securing a partner is the most prudent step before committing significant capital to the next appraisal drilling and testing campaign. A farm down process remains active with companies continuing to review the data, but progress has been slow with no acceptable offers received to date.

Thailand

Valeura's Thailand interests include a working interest in the suspended Wassana oil field in Licence G10/48 where the Company is targeting the reactivation of production operations in late Q4 2022. Following closing of the Acquisition just prior to the end of Q2 2022, operational activities commenced, with a focus on the production restart, including procurement of a suitable floating storage and offloading vessel ("FSO") for the field's crude oil production and on maintenance, inspection works and upgrades to the MOPU, related in part, to pursuing a mandatory re-certification of the facility.

In Q3, all of the underwater survey of the MOPU was successfully completed and engineering reports agreed with the certification firm. Subsequent to the end of Q3, minor surface works are being completed prior to the issuance of the re-certification. These documents are expected in early December.

Valeura has contracted with PT Buana Lingas Lautan Tbk (“Buana”) to charter the *MT Vula* tanker, which will be used as the FSO vessel for the Wassana oil field production. Valeura and Buana have entered into a Letter of Award detailing the key heads of agreement and are working to finalise the remaining commercial terms by way of a formal charter agreement. Valeura anticipates that the FSO will mobilise to the Wassana oil field by the end of 2022, pending routine customs clearances and safety inspections.

The Company is planning for a five-well infill drilling programme starting in Q2 2023. Subsequent to the end of Q3 2022, Valeura announced that it has agreed to charter the *PV Drilling I* jack-up drilling rig, which is expected to mobilise to the Wassana oil field late in Q2 2023. Additional procurement work is under way in support of the planned drilling programme.

Valeura's Thailand interests also include a working interest in the Rossukon oil field development in Licence G6/48. Following closing of the Acquisition, Valeura’s activities have centered around commercial engagement with partners and regulators relating to the phasing of the field development plan (“FDP”). During Q3, the Company has progressed revisions to the FDP, and is targeting a final investment decision before the end of the year with first oil in 2023.

In keeping with Valeura's strategy, the Company intends to pursue near-term production through the reactivation of the Wassana Oil Field in Q4 2022 and to grow production rates through infill development drilling on the Wassana Oil Field in Q2 2023. In addition, the Company is targeting development of the Rossukon Oil Field in 2023 with first oil in Q4 2023. Concurrently, the Company is continuing to pursue inorganic growth, and is evaluating potential acquisitions, including opportunities in Thailand with synergies to the acquired assets and the associated tax losses.

(all amounts in thousands of United States Dollars, except share, per share or per unit amounts)

Business Environment

The Company's business was complicated in 2020 and much of 2021 by the effects of the global COVID-19 pandemic given the restrictions on travel and in person meetings. However, the situation has improved in 2022, with ongoing relaxing of most restrictions in many parts of the world.

The extreme volatility of oil and gas prices globally over the past two years has challenged the Company's ability to transact and significantly increased the time required to negotiate transactions, particularly in light of agreeing to contingent future payments. In addition, the recent high activity in the oil and gas industry is creating strong inflationary pressure and increasing the difficulty to procure the required equipment and materials to be able to execute projects in a timely fashion.

Following consultation with the Financial Conduct Authority ("FCA"), the Company was advised that the Acquisition constitute a reverse takeover for the purposes of the Listing Rules of the FCA. Upon closing of the Acquisition on June 15, 2022, the Company was required to delist its Common Shares. Interests in the Common Shares purchased on the London Stock Exchange can be transferred from the UK depositary to the Canadian depositary to be traded on the Toronto Stock Exchange. Valeura intends to continue to evaluate the merits of re-listing in London and will update shareholders in due course.

Results of Operations

Operations in Thailand during Q3 2022 included routine maintenance operations at the MOPU on Licence G10/48 in Thailand in addition to facility upgrades in preparation for production restart. Inspection work in relation to the MOPU recertification was conducted during the quarter and minor corrective actions are in their final stages, which will culminate in the issuance of a class certificate, thereby extending the life of the facility. In addition, planning work continued for the infill drilling programme planned for Q2 2023, including procurement of the *PV Drilling I* rig, as announced subsequent to end of the quarter.

Operations in Turkey during Q3 2022 focussed on maintenance of the three well sites related to the Deep Gas Play, while the Company continues its farm-out process to secure a partner to participate in the next phase of activity.

In addition to the costs associated with the above operational activities, general and administrative expenses also reflect activity related to new business conducted during the quarter, including planning for the Rossukon Oil Field development on Licence G6/48 and evaluation work relating to potential M&A activity.

General and Administrative Expenses

	Three months ended		**Nine months ended**	
	September 30, 2022	September 30, 2021	**September 30, 2022**	September 30, 2021
General and administrative expenses	**$ 2,661**	$ 1,092	**$ 4,464**	$ 3,870
Business development	**848**	-	**1,972**	-
Recoveries and capitalized general Administrative expenses	**(766)**	(126)	**(896)**	(257)
Total general and administrative expenses	**$ 2,743**	$ 966	**$ 5,540**	$ 3,613

General and administrative expenses increased in the three and nine months ended September 30, 2022, when compared to the same periods in 2021 due to increased G&A from the Acquisition and business development costs. The nine months ended September 30, 2022, include general and administrative expenses from Thailand of $1.0 million and recoveries of $0.7 million.

Transaction Costs

Transactions costs for the three and nine months ended September 30, 2022, were $nil and $2.0 million, respectively, compared to $0.01 million and $0.07 million in the same periods in 2021. The 2022 transaction costs relate to legal and due diligence costs associated with the Acquisition. The 2021 transaction costs are fees associated with the Disposition.

Operating Costs

Operating costs for the three and nine months ended September 30, 2022, were $2.4 million and $2.9 million, respectively. This compares to $0.05 million and $1.3 million for the same periods in 2021, which still included operations and production related to the Disposition, which closed in Q2 2021.

The majority of operating costs during Q3 2022 related to the Company's Thailand business, totaling $2.3 million, comprised primarily of ongoing maintenance, insurance and reactivation costs relating to the Wassana Oil Field.

Turkey operating costs for the three and nine months ended September 30, 2022, were $0.1 million and $0.2 million and relate to ongoing maintenance and insurance.

Foreign Exchange

Foreign exchange (realised and unrealised) for three and nine months ended September 30, 2022, was a gain of $1.5 million and a gain of $2.1 million, respectively, compared to a gain of $1.1 million and a gain of $0.7 million, respectively, for the same periods in 2021.

The functional currency for the Company's Turkish operations is the Turkish Lira ("TL") and the functional currency for the Company's Thailand operations is USD. Foreign exchange gains and losses are the result of translation of accounts denominated in currencies other than the functional currencies of Valeura and its subsidiaries, and settling transactions denominated in currencies other than the functional currency of the entity.

Non-cash Expenses

Currency Translation Adjustment

The currency translation adjustment for the three and nine months ended September 30, 2022, was a loss of $1.8 million and $2.4 million, respectively, compared a loss of $1.0 million and $2.4 million, respectively, for the same periods in 2021 reflecting the fluctuation in the value of the TL and CAD compared to the USD in the respective periods.

Share-based Compensation

Share-based compensation is a non-cash expense associated with the stock options issued to directors, officers, employees and certain other service providers of the Company.

Share-based compensation expense for the three and nine months ended September 30, 2022, was $0.1 million and $0.2 million, respectively, compared to $0.1 million and $0.1 million, respectively, for the same periods in 2021.

Change in Estimate and Accretion on Decommissioning Liabilities

In 2022, the Company recorded an expense of $0.4 million related to the change in estimate on the Company's decommissioning obligations for the wells related to the Deep Gas Play. The total decommissioning obligation is estimated based on the Company's net ownership interest in three deep wells and associated facilities, estimated costs to reclaim and abandon the wells and facilities and the estimated timing of the costs to be incurred in future years. The change in estimate reflects the combined effect of a revision in the cost estimates for abandonment and reclamation, and changes in the risk-free interest rate and inflation rate.

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As at the closing date of the Acquisition, the Company used a credit adjusted risk free rate of 11% to value the acquired Thailand decommissioning liability. The day following closing of the Acquisition, the Company re-measured the decommissioning obligation based on Valeura's IFRS accounting policies to apply a risk-free rate. As at September 30, 2022 the re-measured decommissioning liability, using a risk-free rate of 3.8%, resulted in a change in estimate increase of $11.0 million to the Thailand decommissioning obligation since the acquisition date.

The Company also recorded a change in estimate of $0.4 million related to the Company's Turkish decommissioning obligations. This was due to a revision in the cost estimates and a change in the risk free and inflation rates for abandonment and reclamation. The change in estimate related to the Turkish decommissioning liabilities has been recorded on the statement of loss and comprehensive loss as the Company has no asset related to the decommissioning liability.

The Acquisition

As announced on April 28, 2022, the Company entered into a Sale and Purchase Agreement (the "SPA") with KrisEnergy (Asia) Ltd to acquire all of the shares of Valeura Energy (Thailand) Holdings Ltd (formerly known as KrisEnergy International (Thailand) Holdings Ltd)("VETH"), which holds an interest in two operated licences in shallow water offshore Gulf of Thailand. On June 15, 2022, the Acquisition closed with $4.1 million in total cash consideration paid, including the initial purchase price and maintenance and administrative costs incurred between the effective date and closing. Contingent payments of up to $7.0 million may be due based on future development milestones remain outstanding. The fair value of the contingent payments is discussed further below.

As part of the transaction, Valeura, with an 85% interest, and Panthera Thailand Pte. Ltd. ("Panthera"), with a 15% interest, created a Singapore-domiciled SPV to serve as the entity which completed the Acquisition. The relationship between Valeura and Panthera is governed by a shareholders agreement wherein Valeura has agreed to fund 100% of the purchase price. Under the shareholders agreement, Valeura has control over the SPV.

The SPA has been accounted for as a business combination under IFRS 3. The preliminary purchase price allocation (in USD), based on the best information available regarding VETH on June 15, 2022, is as follows:

Consideration		
Cash	$	4,053
Contingent consideration		4,109
Total consideration	**$**	**8,162**

Purchase Price Allocation		
Cash	$	22
Accounts receivable		1,058
Prepaid expenses and deposits		470
Inventory		326
Exploration and evaluation assets		2,375
Property, plant and equipment		26,196
Accounts payable		(1,769)
Decommissioning obligations		(18,247)
Bargain purchase gain		(2,269)
	$	**8,162**

The identifiable assets and liabilities have been measured at their individual fair values on the closing date of Acquisition. Determinations of fair value often require management to make assumptions and estimates about future events. Valeura has determined the fair value of assets acquired and liabilities assumed as at the closing date of Acquisition. Valeura has determined that book value equals fair value for the following captions: cash, accounts receivable, prepaid expenses and deposits, inventory, and accounts payable. The fair value of property, plant and equipment was determined based on an independent reserves evaluation of the acquired properties, market comparables, discounted cash flows and consideration of other risks. Deferred taxes were calculated by applying the statutory tax rate to the capital asset fair value less available tax pools. Due to the size of the available tax pools, no deferred tax was recorded. The fair value of decommissioning obligations was determined based on applying a credit adjusted risk free rate. The purchase price allocation related to the Acquisition is preliminary and may be subject to adjustments, pending completion of final valuations and estimates.

The contingent consideration is made up of two separate payments. Valeura will pay contingent consideration of $2.0 million 90 days after first oil has been delivered from the next infill development drilling programme on the Wassana Oil Field. Further contingent consideration of $5.0 million will become due 90 days after first production through a permanent production facility on the Rossukon Oil Field. Probabilities have been assigned to each payment and after calculating the present value of these potential future payments, the maximum payment of $7 million has been reduced to a fair value of $4.1 million as at the closing date of the Acquisition.

A bargain purchase gain of $2.3 million was recognised with the fair value of the assets purchased exceeding the fair value of the liabilities assumed and consideration paid.

Long term deposit

Valeura agreed to purchase an onsite MOPU in a separate asset acquisition transaction, for cash consideration of $9.2 million, which will be phased over approximately 14 months. As at September 30, 2022, $4.2 million in cash consideration has been paid. Since the MOPU's recertification has yet to be completed and the title does not pass until the final payment of $5.0 million, the MOPU has been treated as a long-term non-refundable deposit at September 30, 2022. The final payment of $5.0 million is due no later than June 30, 2023.

Hyperinflation

During the second quarter of 2022, the Turkish Statistical Institute's published consumer price index indicated that cumulative three-year inflation had exceeded 100 percent which continued throughout Q3 2022. Consequently, the Company has concluded that its subsidiary in Turkey, whose functional currency is the TL, is currently operating in a hyperinflationary environment. The Company has therefore applied accounting adjustments to the underlying financial results and position of its subsidiary in Turkey as required by International Accounting Standards ("IAS") 29 'Financial Reporting in Hyperinflationary Economies'.

For the restatement of results and financial positions of its Turkish subsidiary, the Company applied the consumer price index ("CPI") annual inflation rates published by the Turkish Statistical Institute. The effect of inflation on the non-monetary position of the Company's Turkish subsidiary is presented in the income statement for changes to items purchased in 2022. For exploration and evaluation assets purchased between 2018 and 2021 the effects of inflation are presented in the opening retained earnings.

For the purpose of consolidation, the results and financial position of the Company's Turkish subsidiary are translated using the closing exchange rates at the period end date. Comparative financial statements are not restated under IFRS when the presentation currency of the ultimate financial statements into which they will be included (USD) is non-hyperinflationary. As a result, there have been no restatements to the comparative financial statements.

Liquidity, Financing and Capital Resources

The Company's capital structure includes working capital and shareholders' equity. The Company's objective when managing capital is to maintain a flexible capital structure which allows it to execute its growth strategy through expenditures on property, plant and equipment and exploration and development activities while maintaining a strong financial position. Currently, total capital resources available include working capital and debt.

As at September 30, 2022, the Company had working capital of $20.6 million, which included cash and cash equivalents of $22.3 million. Since the sale of the Company's producing assets in Turkey in May 2021, the Company has been in the exploration, evaluation and acquisition stage and therefore ceased generating any oil and gas revenues. In May 2022, the Company acquired non-producing offshore oil and gas properties. The offshore properties require significant capital spending to enable them to become capable of production. The level of capital spending required significantly exceeds the Company's existing capital availability and as such, the Company has secured debt financing arrangements. The ability of the Company to draw on its financing requires the Company to meet and maintain certain terms, conditions and covenants of which there is no guarantee that the Company will be able to do so. Failure to do so will put this funding in jeopardy. In the event the Company is not successful in maintaining this debt funding, there could be a significant impact on the Company's ability to develop its oil and gas properties.

The current challenging economic climate may lead to further adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Company's operating results and financial position. These and other factors may adversely affect the Company's liquidity and the Company's ability to generate profits and cash flows in the future. In light of the current volatility in oil and gas prices the preparation of financial forecasts is challenging.

On November 11, 2022, subsidiaries of the Company, signed agreements with a market leader in the global commodities industry for a facility, comprised of (i) an agreement for advances in support of Wassana operations and (ii) a commercial contract related to any crude oil production arising from Wassana operations (together, the "Facility"). The Facility provides for advances in discrete tranches, up to an initial maximum capacity of $30 million, subject to the satisfaction of a number of conditions precedent. There is provision to expand the maximum capacity, as may be required to support a potential future acquisition, subject to the satisfaction of certain conditions precedent and the ultimate agreement of the market leader. The agreement for advances has a term of two years and bears interest at a margin interest rate of 9.5% per annum on the three-month Secured Overnight Financing Rate as published by the Federal Reserve Bank of New York. The Company is required to meet and maintain certain terms, conditions and covenants upon each draw date or at least semi-annually from the first draw date. Financial covenants include a coverage ratio and a liquidity ratio and the Facility includes a material adverse change clause. The Facility is secured by the shares of the subsidiaries that have entered into the agreement, which encompass the Company's Thailand assets and operations, as well as certain parent company guarantees.

The Company's account performance security guarantee ("APSG") facility with Export Development Canada is effective from June 7, 2022, to August 31, 2023, with a limit of $1.0 million and can be renewed on an annual basis. The APSG facility, which was issued to the National Bank of Canada ("NBC") on the Company's behalf, allows the Company to use the facility as collateral for certain letters of credit issued by NBC, with a limit of $1.0 million and can be renewed on an annual basis. The Company has issued approximately $0.07 million in letters of credit under the APSG facility at current exchange rates.

(all amounts in thousands of United States Dollars, except share, per share or per unit amounts)

Selected Quarterly Information

	Three months ended			
	September 30, 2022	**June 30, 2022**	**March 31, 2022**	**December 31, 2021**
Total daily production (boe/d)	-	-	-	-
Petroleum and natural gas sales	-	-	-	-
Cash provided by (used in) operating activities	(6,437)	(2,697)	(1,743)	(887)
Net income (loss)	(3,612)	333	(3,473)	(3,190)
Net income (loss) attributable to:				
Shareholders of Valeura Energy	(4,948)	59	(3,473)	(3,190)
Non-controlling interest	(421)	274	-	-
Per share, basic and diluted	$ (0.04)	$ 0.00	$ (0.04)	$ (0.04)
	Three months ended			
	September 30, 2021	**June 30, 2021**	**March 31, 2021**	**December 31, 2020**
Total daily production (boe/d)	-	614	684	707
Petroleum and natural gas sales	-	1,040	2,086	1,978
Cash provided by (used in) operating activities	(1,151)	(677)	(448)	(1,035)
Net loss	1,234	(61,533)	(1,061)	(15,294)
Per share, basic and diluted	$ 0.01	$ (0.71)	$ (0.01)	$ (0.18)

Significant factors that have impacted the Company's results during the above periods include:

- The Company reported net income in Q2 2022, as a result of closing the Acquisition and recording a bargain purchase gain.
- Cash used in operating activities increased in 2022 as a result of transactions costs associated with the Acquisition and business development costs.
- The Company completed the Disposition in Q2 2021, resulting in the transfer of a large currency translation loss from accumulated other comprehensive income to current period earnings in Q2 2021 and no production and sales in Q3 2021.

Outstanding Share Data

	September 30, 2022
Common Shares	86,584,989
Stock options	6,667,666
Fully diluted	93,252,655

Critical Accounting Policies

Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The reader is referred to Valeura's audited consolidated financial statements for the year ended December 31, 2021, and the Interim Financial Statements for a description of estimates and judgments. The reader is also referred to the September 30, 2022, condensed interim consolidated statements of loss and comprehensive loss for new accounting policies during the period.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed, or caused to be designed under their supervision, disclosure controls and procedures ("DC&P") to provide reasonable assurance that: material information relating to the Company is made known to the Company's CEO and CFO by others, particularly during the period in which the annual and interim filings are being prepared; and information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarised and reported within the time period specified in securities legislation.

The Company's CEO and CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company is required to disclose herein any change in the Company's internal controls over financial reporting that occurred during the period beginning on July 1, 2022, and ending on September 30, 2022, that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting. No material changes in the Company's internal controls over financial reporting were identified during such period that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

On June 15, 2022, the Company closed its acquisition of VETH. As permitted by and in accordance with NI 52-109, the CEO and CFO has limited the scope of our design of DC&P and ICFR to exclude controls, policies, and procedures of VETH. This scope limitation is primarily due to the time required to assess the DC&P and ICFR relating to VETH in a manner consistent with the Company's other operations. Further integration will take place during the remainder of the year as systems and processes align.

The Company notes that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met, and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

Off Balance Sheet Arrangements

The Company had no material off-balance sheet arrangements outstanding as at September 30, 2022, other than those discussed herein.

Financial Instruments

Financial instruments of the Company include cash, accounts receivable, accounts payable and accrued liabilities. The carrying values of the financial instruments approximate their fair values due to their relatively short periods to maturity.

Business Risks and Uncertainties

Offshore operational risks relating to Thailand

Valeura's Thailand operations are subject to all the operational risks inherent to offshore exploration, development and production of hydrocarbons and the drilling of wells, including, unsatisfactory performance of service providers engaged to carry out operations required for the drilling and analysis of wells, natural disasters, encountering unexpected formations or pressures, premature declines of reservoirs, invasion of water into producing formations, formations with abnormal pressures, mechanical problems with equipment, potential for substantial environmental damage, blow-outs, cratering, fires and spills, all of which could result in personal injuries, loss of life and damage to the property of the Company and others. The Company believes that governments throughout the world could implement stricter regulations on environmental protection, risk prevention and other forms of restrictions to drilling and other well operations. These new regulations and legislation, as well as evolving practices, could increase the cost of compliance and may also require changes to the Company's drilling operations, exploration, development and production plans and may lead to higher costs of operations.

The Company will be actively exploring for, developing and producing hydrocarbons in the Gulf of Thailand. Offshore operations involve different risks than onshore operations due in part to the remoteness of operations. Oil and natural gas exploration, development and production involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. Fires and explosions on drilling rigs, offshore installations or marine vessels are more likely to result in personal injury, loss of life and damage to property due to the remote locations, confined spaces and time required for rescue personnel to get to the location. Blow-outs and spills are more likely to result in significant environmental damage to the marine environment and can be difficult to contain and difficult and expensive to remediate. Also, offshore operations are subject to marine perils, including severe storms and other adverse weather conditions and vessel collisions, as well as interruptions or termination by governmental authorities based on safety, environmental and other considerations. There can be no assurance that these risks can be avoided. Failure to manage these risks could result in injury or loss of life, damage to property, environmental damage, and could result in regulatory action, legal liability, loss of revenues and damage to the Company's reputation and could have a material adverse effect on the Company's operations, project returns or financial condition.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its ongoing liabilities, obligations and commitments. As the Company is in the pre-production stage with respect to its oil and gas operations it is not generating revenues or cash flows and therefore is managing its liquidity through its existing working capital. With the ongoing development of the Company’s offshore Thailand properties, the Company has significant commitments and capital expenditure requirements. On this basis, the Company has secured financing arrangements. The ability of the Company to draw on its financing requires the Company to meet and maintain certain terms, conditions and covenants of which there is no guarantee that the Company will be able to do. Any additional financing that may be required is subject to the financial markets, economic conditions for the oil and gas industry, and volatility in the debt and equity markets. These factors have made, and will likely continue to make, it challenging to obtain cost-effective funding. There is no assurance additional financings will be available. In the event the Company is not successful in maintaining its financing arrangements, obtaining additional funding or of obtaining funding on terms that are acceptable to the Company, this will significantly impact the Company’s ability to develop its oil and gas properties and enable them to become producing. The Company maintains and monitors a certain level of cash which is used to finance operating and capital expenditures.

The Company is impacted by rising inflationary pressures

Inflation rates in jurisdictions that the Company operates in increased significantly in 2021, rising above the target inflation rate ranges set by governing central banks and continued to rise throughout Q3 2022. A significant portion of the upward pressure on prices has been attributed to the rising costs of labour, energy, food, motor vehicles and housing, overall challenges involved in reopening and managing the economy throughout the COVID-19 pandemic, continuing global supply-chain disruptions and the impact of the Russian invasion of Ukraine. Inflation increases may or may not be transitory. However, any sustained upward trajectory in the inflation rate could have an impact on the Company's results by applying upward pressure on the Company's costs in 2022 and future periods. The Company's potential inability to manage costs resulting from inflation may impact project returns and future development decisions, which could have a material adverse effect on its financial performance and funds from operations.

The cost or availability of oil and gas field equipment may adversely affect the Company's ability to undertake future projects. The oil and gas industry is cyclical in nature and is prone to shortages of supply of equipment and services including drilling rigs, geological and geophysical services, engineering and construction services, major equipment items for infrastructure projects and construction materials generally. These materials and services may not be available when required at reasonable prices. A failure to secure the services and equipment necessary to Valeura's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on the Company's financial performance and funds from operations. The Company continues to monitor inflationary pressures in the jurisdictions in which it operates and assess any potential effects on the Company's operations.

The reader is referred to Valeura's December 31, 2021, audited consolidated financial statements, management's discussion and analysis and 2021 AIF for a description of risks. As a result of the Acquisition, the following risk factors are more prevalent at September 30, 2022: failure to realize transactions and anticipated benefits related to mergers and acquisitions; exploration, development and production risks; acquisitions, dilution and availability of debt; climate change legislation; capital requirements; and price volatility, markets and marketing. In addition, the following risk factors have been modified to include mention of Thailand:

Variations in foreign exchange rates and interest rates, and hedging

The Company's future revenue streams in Thailand are expected to be in USD, along with its capital expenditures and many of its operating expenditures. The functional currency of the Company's Thailand based subsidiaries is in USD.

The Company's drilling and completion operations in Turkey and related contracts are based in USD. Material increases in the value of the USD will negatively impact the Company's costs of drilling and completions activity in Turkey. 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 USD 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 USD 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 a large portion of the capital expenditures in Turkey.

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 in Thailand though its 85% owned and controlled Singapore domiciled SPV, which in turn operates the Thailand business through subsidiaries in the British Virgin Islands, Cayman Islands and Thailand. The Company conducts its operations at the Thrace Basin through its wholly owned subsidiary, Valeura Energy (Netherlands) B.V. The Company's ability to pay dividends on the Common Shares is reliant on the ability of these subsidiaries to generate cash flow and pay dividends or make other distributions to the Company. The ability of subsidiaries 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 the operating jurisdictions; (ii) the introduction of exchange controls; and (iii) local law requirements in relation to the payments of dividends and distributions.

Forward-looking Statements

Certain information included in this MD&A constitutes forward-looking information under applicable securities legislation. Such forward-looking information is for the purpose of explaining management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes, such as making investment decisions. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project", "target" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information in this MD&A includes, but is not limited to: the Company's ability to complete the commercial arrangements required to facilitate resuming production from the Wassana Oil Field in Q4 2022; the operational activities and infill drilling programme on the Wassana Oil Field; the timing of a final investment decision with respect to the Rossukon Oil Field; the Company's strategy with respect to its Thailand operations; the Company's farm-out process for the Deep Gas Play continuing; management's belief regarding the potential of the Company's Deep Gas Play; the Company's ability to find another partner for the Deep Gas Play appraisal programme and realise other growth opportunities through potential mergers and acquisitions; the Company's commitment to safety, environmentally responsible practices and optimising operational and administrative functions; the Company's business strategy and outlook; and evaluating the merits of re-listing the Common Shares on the London Stock Exchange.

Forward-looking information is based on management's current expectations and assumptions regarding, among other things: the ability to successfully re-start production from the Wassana Oil field in Q4, 2022; political stability of the areas in which the Company is operating; ability to complete transactions; continued operations of and approvals forthcoming from the Turkish Government in a manner consistent with past conduct; timing and the prospectivity of the Deep Gas Play; the ability to extend the Thrace Basin exploration licences for up to a further five years at relatively low holding costs; future sources of funding; future economic conditions; future currency exchange rates; the ability to meet drilling deadlines and fulfil commitments under licences and leases; 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, hydraulic stimulation and other specialised oilfield equipment and service providers, 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 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: inability to integrate the Acquisition assets, including reactivation of production operations from the Wassana Oil Field in Q4, 2022; inability to procure a FSO and re-certify the MOPU in Q4, 2022; inability to secure a new partner for Deep Gas Play and execute potential mergers and acquisitions; evolving impacts of the COVID-19 pandemic including disruptions in global supply chains; the Company's ability to manage growth; the Company's ability to manage the costs related to inflation; uncertainty in capital markets and ability to raise debt and equity, as required, particularly for companies with a small market capitalisation; the ability to finance future development and/or inorganic growth; the risks of currency fluctuations; changes in oil and gas prices and netbacks in Turkey and Thailand; potential changes in joint venture partner strategies and participation in work programmes; the risks of disruption to operations and access to worksites (including the impact of the COVID-19 pandemic), threats to security and safety of personnel; potential changes in laws and regulations, the uncertainty regarding government and other approvals; the ability of the Company to maintain its directors, senior management team and employees with relevant experience; the ability of the Company to maintain effective internal controls over financial reporting; counterparty risk; risks associated with weather delays and natural disasters; and the risk associated with international activity. The forward-looking information included in this MD&A is expressly qualified in its entirety by this cautionary statement. See the 2021 AIF for a detailed discussion of the risk factors.

The forward-looking information contained in this MD&A 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 MD&A is expressly qualified by this cautionary statement.