



## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2023 and 2022

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

---

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 May 11, 2023 and should be read in conjunction with Valeura's unaudited condensed interim consolidated financial statements and related notes for the three month periods ended March 31, 2023 and 2022 (the "Interim Financial Statements"). Additional information relating to Valeura is available under Valeura's profile on [www.sedar.com](http://www.sedar.com), including Valeura's Annual Information Form for the year ended December 31, 2022 ("2022 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 International Accounting Standard ("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 ("Annual Financial Statements") and management's discussion and analysis for the year ended December 31, 2022. The Interim Financial Statements have been prepared in accordance with IFRS accounting policies and methods of computation as set forth in the Annual 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 Financial Statements.

### Glossary

bbl barrel

bbl/d barrel of oil per day

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.

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 ability to make reliable estimates is further complicated when the political, economic and security situation is uncertain. Management has based its estimates with respect to the Company's operations on information available up to the date this MD&A which was approved by the board of directors of the Company. Significant changes could occur which could materially impact the assumptions and estimates made in this MD&A.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2023 and 2022

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

**Non-IFRS Measures**

This MD&A includes references to financial measures commonly used in the oil and gas industry. Adjusted net working capital, is a non-IFRS financial measure and does not have a standardised meaning prescribed by IFRS and might not be comparable to similar financial measures used by other issuers. The most directly comparable IFRS measure to which adjusted net working capital relates is working capital. Adjusted net working capital is calculated as current assets less current liabilities excluding current lease liabilities. Current lease liabilities is a supplementary financial measure that consists predominantly of liabilities related to lease contracts associated with the Floating Production Storage and Offloading ("FPSO") and Floating Storage and Offloading ("FSO") vessels for the producing licences, which the Company views as operating expenses. The Company uses adjusted net working capital to assist readers in evaluating operating performance.

	<b>March 31, 2023</b>
Current assets	<b>\$ 439,248</b>
Current liabilities	<b>335,438</b>
Working capital	<b>103,810</b>
Add: current portion of lease liabilities	<b>30,957</b>
Adjusted net working capital	<b>\$ 134,767</b>

**Accounting Policy**
**Basis of consolidation**
*(i) Subsidiaries:*

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, substantive potential voting rights are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The acquisition method of accounting is used to account for acquisitions of subsidiaries and assets that meet the definition of a business under IFRS. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized immediately in earnings.

*(ii) Jointly controlled operations and jointly controlled assets:*

A portion of the Company's exploration and development activities are conducted jointly with others. The joint interests are accounted for on a proportionate consolidation basis and as a result the financial statements reflect only the Company's proportionate share of the assets, liabilities, revenues, expenses and cash flows from these activities.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2023 and 2022

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

Valeura has the following licenses and working interests, those with less than 100% interest have joint venture arrangements:

Name of the joint arrangement	Nature of the relationship with the joint arrangement	Principal place of operation of joint arrangement	Thai license regime	Proportion of participating share
West Thrac Deep Joint Venture	Operator	Turkey	N/A	63% (all rights)
G10/48 Concession <sup>(1)</sup>	Operator	Gulf of Thailand	Thai III	89% (all rights)
G6/48 Concession <sup>(2)</sup>	Operator	Gulf of Thailand	Thai III	43% (all rights)
B5/27 Concession <sup>(3)</sup>	Operator	Gulf of Thailand	Thai I	100% (all rights)
G1/48 <sup>(4)</sup>	Operator	Gulf of Thailand	Thai III	70% (all rights)
G11/48 <sup>(5)</sup>	Operator	Gulf of Thailand	Thai III	90% (all rights)

**Notes:**

- (1) The Company's interest in the G10/48 Concession is held by Valeura Energy (Thailand) Ltd. and Valeura Energy (Gulf of Thailand) Ltd.
- (2) The Company's interest in the G6/48 Concession is held by Valeura Energy (Gulf of Thailand) Ltd.
- (3) The Company's interest in the B5/27 Concession is held by Busrakham Jasmine Ltd.
- (4) The Company's interest in the G1/48 Concession is held by Busrakham Manora Ltd.
- (5) The Company's interest in the G11/48 Concession is held by Busrakham G11 Ltd (67.5%) and Busrakham Nong Yao Ltd. (22.5%)

**(iii) Transactions eliminated on consolidation:**

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

**Revenue from contracts with customers**

Valeura's petroleum and natural gas revenues from the sale of natural gas and crude oil are based on the consideration specified in the contracts with customers.

Crude oil sales in Thailand are conducted on a tender basis for both domestic and export sales. The reference price generally used for Thai crude oil is Dubai crude oil.

For natural gas sales in Turkey, pricing is linked to Boru Hatlari ile Petrol Tasima Anonim Sirket ("BOTAS") benchmark pricing, while crude oil pricing in Turkey is linked to Brent benchmark pricing and in Thailand is linked to -Dubai benchmark pricing.

Valeura recognizes revenue when it transfers control of the product to the customer, which is generally when legal title passes to the customer and collection is reasonably assured.

Valeura evaluates its arrangements with third parties and partners to determine if Valeura is acting as the principal or as the agent. Valeura is considered the principal in a transaction when it has primary responsibility for the transaction. If Valeura acts in the capacity of an agent rather than as a principal in a transaction, then the revenue is recognized on a net basis, only reflecting the fee, if any realized by Valeura from the transaction.

**Royalties**

Royalty arrangements that are based on production or sales are recognised by reference to the underlying arrangement.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2023 and 2022

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

---

*Royalties to government in Thailand*

Royalties to government are based on sales volumes and are payable in cash in the month following sales. Royalties for Thai I licenses are a flat 12.5%, and for Thai III licenses are a sliding scale between 5% and 15% based on sales volumes.

*Royalties to Previous Owner in Thailand*

Under the terms of the sales and purchase agreement between the Company and the previous owner of concession B5/27, the Company is required to pay royalties to the previous owner in cash based on sales volumes computed as follows:

- 1) 6% of gross revenue from certain production area within concession B5/27;
- 2) \$2 per barrel of oil produced from certain production area within concession B5/27; and
- 3) 4% of gross revenue from certain production area other than that mentioned in (i) above within concession B5/27.

*Royalties to government in Turkey*

Royalties to government for natural gas production are 12% based on production volumes and are payable in the month following production.

**Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*As a lessee*

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets are initially measured at an amount equal to the lease liability, adjusted by the amount of any prepaid amount. It is subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurement of the lease liability. Right-of-use assets for assets related to oil and gas production are depreciated on a unit of production basis. All other leased assets are depreciated based on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment review similar to property, plant and equipment assets.

**Employee benefits***Short-term employee benefits*

Salaries, annual rewards and related employment welfare are recognised as expenses when incurred.

*Post-employment benefits*

The Company has a provision for employee benefits (the "Provision") and an employee savings plan.

The employee savings plan is a plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2023 and 2022

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

---

The cost of the employee savings plan benefit is expensed as earned by employees. These benefits are unfunded and are expensed as the employees provide service.

The Provision is for Legal Severance Pay under the Thai Labor Protection Act 1998 (revised 2019) and Retirement Pension Plan, with Long-Service Award. It specifies that an employee will receive a fixed one time payment on retirement, dependent on factors such as age, years of service and compensation. The Provision is accounted for under IAS 19.

The calculation of the Provision is performed annually by a qualified actuary using the projected unit credit method. There are no assets related to the provision.

Re-measurements of the Provision, which comprise actuarial gains and losses, the return on assets (excluding interest) if any, and the effect of the asset ceiling (if any, excluding interest) are recognised immediately in other comprehensive income. The Company determines the net interest expense (income) for the period by applying the discount rate used to measure the Provision at the beginning of the annual period to the then-net Provision during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the Provision are recognised in statement of comprehensive income.

**Inventory**

Inventory consists of the Company's unsold Thailand crude oil barrels and spare parts. Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average method, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less costs to sell. Costs for unsold crude oil include operating expenses, and depletion associated with the crude oil barrels. Critical spares are capitalised and are part of property, plant and equipment. The Company assesses the net realisable value of the inventories at the end of each year and recognises the appropriate impairment if this value is lower than the carrying amount. When the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

**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) and comprehensive income (loss) of consolidated subsidiaries are shown as an allocation of the consolidated net income (loss) and comprehensive income (loss) and are presented separately in "net income (loss) attributable to non-controlling interest" and "comprehensive income (loss) attributable to non-controlling interest". The only non-controlling interest presented relates to ownership of Valeura Energy Asia Pte. Ltd. (formerly Panthera Resources Pte. Ltd.) (the "SPV"), a direct Singapore subsidiary of Valeura, which owns all of the Q2 2022 purchased Thailand companies.

On December 27, 2022, Valeura increased its ownership stake in the SPV from 85% to 87.5% as a result of Valeura's cumulative cash contributions to the SPV.

On March 21, 2023, the Company acquired the remaining minority interest in the SPV. Through a share exchange agreement (the "SEA"), Valeura acquired the 12.5% ownership stake held by the SPV's minority owners, resulting in the SPV becoming a wholly owned subsidiary of Valeura, and thereby increasing its effective interest in its entire Thailand portfolio. As consideration, the Company issued to the minority shareholders of the SPV an aggregate of 9.5 million common shares in the capital of the Company ("Common Shares"). Under the terms of the SEA, 50% of the Common Shares issued are prohibited from being sold for a period of four months, with the remaining 50% restricted from sale for a period of nine months, without otherwise obtaining consent from Valeura.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2023 and 2022

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

**Change in accounting policy**

Effective December 31, 2022, the Company elected to change its policy for the measurement of decommissioning obligations to utilize a credit adjusted interest rate from a risk-free interest rate. The use of a credit adjusted interest rate results in more reliable and relevant information for the readers of the consolidated financial statements as this methodology provides a more accurate representation of the value at which such liabilities could be transferred to a third party, and provides a better indication of the risk associated with such obligations.

Management applied the voluntary change in accounting policy retrospectively. The tables below present the impact of the change in accounting policy on the March 31, 2022 comparative numbers for the consolidated statements of loss and comprehensive loss and the consolidated statements of cash flows, for each of the line items impacted.

**Impacts on the Consolidated Statements of Net income (loss) and Comprehensive income (loss)**

For the three months ended March 31, 2023	March 31, 2022		
	Previous Policy	Adjustment	Restated
Finance costs	79	(9)	70
Change in estimate on decommissioning liabilities	(5)	176	171
Net loss	(3,473)	(167)	(3,640)
Comprehensive loss	(2,985)	(167)	(3,152)

**Impacts on the Consolidated Statements of Cash Flows**

For the three months ended March 31, 2023	March 31, 2022		
	Previous Policy	Adjustment	Restated
Net loss	(3,473)	(167)	(3,640)
Finance costs	79	(9)	70
Change in estimate on decommissioning liabilities	(5)	176	171

**The Company**

Valeura is a Canada-based public company engaged in the exploration, development and production of petroleum and natural gas in Thailand and in Turkey, and continues to pursue organic opportunities in the Company's current asset base in Thailand and Turkey and to also pursue additional opportunities particularly focused on Southeast Asia. The Common Shares are listed and posted for trading on the Toronto Stock Exchange under the symbol "VLE". 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 *Business Corporations Act* (Alberta).

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 (the "Kris SPA") to acquire certain offshore Gulf of Thailand assets (the "Kris Acquisition"). Upon closing of the Kris Acquisition on June 15, 2022, the 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 undeveloped

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2023 and 2022

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

---

Rossukon oil field 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.

On December 6, 2022, Valeura announced that the SPV had entered into a sale and purchase agreement (the "Mubadala SPA") with Mubadala Petroleum (Thailand) Holdings Limited (the "Seller") to acquire the Thailand upstream oil producing portfolio of Busrakham Oil and Gas Limited ("BOAGL"), a subsidiary of Mubadala Energy (the "Mubadala Acquisition"), effective September 1, 2022. The Mubadala Acquisition closed on March 22, 2023.

As a result of the Mubadala Acquisition, Valeura became the holder of a 100% operated interest in Licence B5/27 containing the Jasmine and Ban Yen oil fields, a 90% operated working interest in Licence G11/48 containing the Nong Yao oil field, and a 70% operated working interest in Licence G1/48 containing the Manora oil field, all of which are offshore in the Gulf of Thailand.

The purchase consideration for the Mubadala Acquisition was \$10.4 million plus contingent consideration of up to an additional \$50 million, contingent upon certain upside benchmark oil price scenarios in 2022, 2023, and 2024. Such contingent consideration is capped at a maximum of \$50 million. No contingent consideration was due for 2022.

Subsequent to March 31, 2023, the Company announced the following:

### **Increase in Wassana (Licence G10/48) Working Interest**

Valeura's 11% partner in Licence G10/48, Palang Sophon Limited ("PSL"), has opted to discontinue its participation in the licence. By agreement between PSL and Valeura, PSL will transfer its 11% working interest to Valeura. In consideration, Valeura has agreed to discharge PSL of outstanding liabilities owed in connection with joint operations on the licence as well as any future liabilities associated with its past involvement in the licence.

### **Rossukon (Licence G6/48) Working Interest**

Valeura has opted to divest its working interest in Licence G6/48 to its partner Northern Gulf Petroleum for a contingent cash consideration of US\$5 million, payable at first oil from the Rossukon oil field, and a further 4.65% overriding royalty associated with the Company's 43% working interest (2% of gross production) from the field thereafter.

### 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 Turkey B.V. ("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 March 31, 2023, the Company held operatorship and deep rights on three exploration licences and three production leases in the Thrace Basin comprising approximately 0.23 million gross acres and 0.19 million net acres. Most of the Company's deep rights land holdings are in the three exploration licences which are in their first extension term and are valid up to June 27, 2023, provided a shallow commitment well with a minimum depth of 1,500 metres is drilled during the current term on each exploration licence. To date, two wells have been drilled and a third well is awaiting government approval of a location licence. There is the opportunity to extend the term of these exploration licences for two additional two-year periods totalling four years on application supported by a proposed work programme for each extension period. These potential extensions would enable the Company to further explore and appraise the Deep Gas Play before the Company is required to convert the licences into production leases. The Company is currently

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2023 and 2022

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

---

seeking a partner for the continued appraisal of the Deep Gas Play prior to commencing further deep drilling. The Company has engaged Stellar Advisory Partners to assist with the process of locating a partner.

The Company is seeking to continue building a balanced portfolio, which 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") in addition to pursuing organic growth opportunities within its Thailand and Turkey assets.

### Private Placement

On January 31, 2023, the Company announced that it had entered into an agreement to complete, on a bought deal basis, a private placement of 3,937,000 Common Shares at a price of C\$2.54 per Common Share for aggregate gross proceeds of approximately C\$10.0 million (the "Offering"). The Offering closed on February 8, 2023. The net proceeds will be used to fund pre-production operations at the Wassana field, to kick-off the Wassana infill drilling programme scheduled to begin in Q2 2023, and for general corporate purposes. There are no variances to the expected net use of proceeds.

## Operations and Outlook

### Thailand

Following closing of the Kris Acquisition in Q2 2022, operational activities commenced, with a focus on the restart of production from the Wassana oil field in Licence G10/48, which had been suspended since 2020. The primary scope of work to enable the restart of production included the charter of a suitable FSO vessel for the Wassana oil field's crude oil production, which was achieved in November 2022, and obtaining a re-certification of the MOPU facility, which was achieved in January 2023. Following various works conducted throughout Q1 2023 to ready both the facility and the FSO vessel for operations, oil production restarted on April 28, 2023. The Company seeks to increase production rates from the Wassana oil field and is planning for a five-well infill drilling programme starting in Q3 2023. On April 28, 2023, Valeura announced that its partner in Licence G10/48 intends to cease participation in Licence G10/48 and would transfer its 11% working interest to Valeura, resulting in Valeura holding a 100% interest in Licence G10/48.

During Q1 2023, Valeura collaborated with regulators and its partner to evaluate the potential for a development of the Rossukon oil field on Licence G6/48. On April 28, 2023, the Company announced that it had decided not to sanction a field development on Licence G6/48 and would transfer operatorship and its working interest to Northern Gulf Petroleum in exchange for a \$5 million contingent payment after first oil from the Rossukon oil field and a further 4.65% overriding royalty associated with the Company's 43% working interest (2% of gross production) from the field thereafter.

Following the closing of the Mubadala Acquisition on March 22, 2023, Valeura began work to integrate the new assets, systems and workforce with its existing organisation. During the nine-day period from March 22, 2023 through March 31, 2023, production operations proceeded safely on the three assets acquired through the Mubadala Acquisition, including the Jasmine/Ban Yen, Nong Yao, and Manora oil fields. There were no liftings of crude oil during this period.

Infill drilling operations on the Jasmine and Ban Yen fields, which began in late 2022 were still in progress at March 22, 2023 and were completed at the end of April 2023. The rig moved to the Nong Yao field in early May and is currently conducting infill drilling operations on that field. The Company intends to continue operations, after work at Nong Yao, on the Manora fields utilising the same rig.

Planning work is underway for development of the Nong Yao C accumulation later in 2023. The Company anticipates that the wellhead facility – a mobile offshore production unit, will mobilise to the field area in Q4 2023, followed by development drilling, targeting first production from the accumulation in Q1 2024.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2023 and 2022

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

Valeura's outlook for its Thailand portfolio in 2023 is to integrate the assets, systems, and organisations acquired through the Kris Acquisition and the Mubadala Acquisition while maintaining safe, reliable and environmentally responsible ongoing production operations. The Company intends to pursue a work programme centered around re-investing into its assets and developing organic growth opportunities in its portfolio.

In addition, Valeura's corporate strategy remains growth-oriented while continuing to focus on its environment, social and governance priorities, and the Company is continuing to pursue inorganic opportunities within Thailand and the broader Southeast Asia region.

### Turkey

The three exploration licences which hold the bulk of the Deep Gas Play opportunity are nearing the end of the first extension period on June 27, 2023. Drilling commitments in the current term have been fulfilled on two of the licences by way of work performed in Q4 2022 by TBNG Limited, the operator of the shallow rights. In accordance with commercial agreements between Valeura and TBNG Limited, the total cost to Valeura to fulfill the commitments was just over \$0.4 million. Valeura is awaiting approval of a location licence to permit drilling of a shallow commitment well on the third licence (Banarli East). On April 7, 2023, Valeura submitted applications for extension of the three exploration licenses for the next two year exploration period.

The Company continues to believe that securing a partner is the most prudent step before committing significant capital to any further deep appraisal drilling and testing of the Deep Gas Play. A farm down process is underway, with the target of attracting a suitable partner. No acceptable offers have been received to date. The Company has engaged Stellar Advisory Partners to assist with the process of locating a partner.

### Guidance

On April 18, 2023, Valeura announced its guidance outlook for the full year 2023. Valeura anticipates total capital spending in 2023 of \$180 – 200 million. In keeping with the acquired assets' long history of reserves replacement through ongoing activity, much of the capital spending is directed toward infill drilling on producing fields, and is forecast to result in aggregate full year oil production of 20,000 – 22,300 bbl/d. This assumes the start of production at the Wassana field in May 2023 in addition to continued ongoing production operations at the Jasmine, Manora, and Nong Yao fields. Operating cost guidance in 2023 is \$220 – 240 million, which, at the mid-point of the production guidance range, equates to approximately \$30/bbl.

Category	2023 Guidance (Full Year)
Production	20,000 – 22,300 bbl/d
Price realisations	Approximately equivalent to the Brent crude oil benchmark
Operating costs <sup>(1)</sup>	\$220 – 240 million
Capital spending	\$180 – 200 million

Note:

(1) Includes FPSO and FSO lease costs.

The Company intends to fund its operating costs and capital spending through cash generated from ongoing operations. For clarity, all production, operating costs, and capital spending estimates provided above relate to the full calendar year 2023, and accordingly, include amounts relating to the period prior to completion of the Mubadala Acquisition.

### Business Environment

Volatility in benchmark oil and gas prices has a continual impact on companies in the upstream sector. In particular, commodity prices are directly correlated to revenue and accordingly may complicate a company's ability to plan spending and investment decisions. In addition to these ongoing challenges, the extreme volatility in benchmark prices over the past three years has challenged the Company's ability to pursue inorganic growth opportunities and

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2023 and 2022

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

---

significantly increased the time required to negotiate transactions, particularly as regards agreeing on transaction effective dates and contingent future payments. In addition, recent high activity levels in the oil and gas industry have created strong inflationary pressure and increased demand for key equipment including marine vessels and materials required to execute projects. Valeura has increased its Southeast Asia commercial efforts, including its management and human capital resources, to position the Company to remain competitive.

In addition, the Company acknowledges that over the past three years, the COVID-19 pandemic and its associated government responses have caused material disruption to businesses globally, resulting in an economic slowdown as well as significant volatility and weakness within global equity markets. While COVID-19 measures have been lifted or eased in many jurisdictions, any future resurgence of COVID-19 or other threats to public health could impact the Company further. Valeura intends to remain vigilant with regard to the health and well-being of its personnel and to remain in compliance with measures that may be imposed by governmental authorities.

Geopolitical unrest can have, from time to time, an adverse effect on the upstream oil and gas business environment. This includes the impact of Russia's military operation in Ukraine which began in February 2022 and has been overwhelmingly condemned by Canada and most other nations. 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.

### Results of Operations

Operations in Thailand during Q1 2023 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 completed during the previous quarter, resulting in the issuance of a class certificate on January 13, 2023, thereby extending the life of the facility. In addition, planning work continued throughout the quarter for the Wassana oil field infill drilling programme planned for Q3 2023.

The Company has reported the results of operations from the assets acquired through the Mubadala Acquisition for the nine-day period from completion of the transaction on March 22, 2023 through to end of the reporting period. No liftings of crude oil occurred during this period, and accordingly, the Company has not reported any revenue from oil sales, and all operational expenses have been capitalized to crude oil inventory for Q1 2023. Royalties in Thailand are calculated based on sales volumes, therefore no royalties are recorded for the nine-day period.

During Q1 2023, the Company had no operations in Turkey.

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 evaluation and planning for the Rossukon oil field development on Licence G6/48 and evaluation work relating to potential M&A activity.

### Production

Production for the nine days between March 22 and March 31, 2023 totalled 193 thousand barrels (2,144 bbl/d for Q1 2023) on a working interest basis, which equates to 176 thousand barrels net after royalty (1,954 bbl/d for Q1 2023).

### Operating Expenses

Operating costs in Q1 2023 were \$4.7 million compared to \$0.05 million for the three months ended March 31, 2022. The majority of the Q1 operating costs related to the Company's Thailand business, comprised primarily of ongoing maintenance, insurance and reactivation costs relating to the Wassana oil field. Operating expenses related to the

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2023 and 2022

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

Mubadala Acquisition for the March 22 to March 31, 2023 period were \$2.6 million and capitalized to cost of crude oil inventory.

Turkey operating costs for Q1 2023 were \$0.02 million and relate to ongoing maintenance and insurance.

**General and Administrative Expenses**

	Three months ended	
	March 31, 2023	March 31, 2022
General and administrative expenses	\$ 3,817	\$ 982
Business development	24	665
Recoveries and capitalized general administrative expenses	(772)	(55)
Total general and administrative expenses	\$ 3,069	\$ 1,592

General and administrative expenses increased in Q1 2023 when compared to the same periods in 2022 due to increased G&A from the Kris Acquisition, and G&A for 9 days from the Mubadala Acquisition. The three months ended March 31, 2023, include general and administrative expenses from Thailand of \$1.0 million and recoveries of \$0.7 million.

**Finance Costs**

	March 31, 2023	March 31, 2022
Interest expense and commitment fee on Facility	\$ 587	\$ -
Amortization of financing transaction costs and commitment fees	195	-
Accretion on decommissioning liabilities	910	70
Accretion on deferred consideration	30	-
Lease Liability interest expenses	176	-
Other	12	-
Finance costs	\$ 1,910	\$ 70

Finance costs in Q1 2023 reflect costs related to accretion of decommissioning liabilities, amortization of Facility (defined below) costs and interest expenses for leases. In Q1 2022, the only finance costs were related to accretion on decommissioning liabilities in Turkey.

**Transaction Costs**

Transaction costs in Q1 2023 were \$0.8 million compared to 1.2 million for the three months ended March 31, 2022, and relate to legal and due diligence costs associated with the Offering, the Kris Acquisition and Mubadala Acquisition for both periods.

**Foreign Exchange**

Foreign exchange (realised and unrealised) for Q1 2023 was a loss of \$1.0 million compared to a loss of \$0.4 million for the same period in 2022.

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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2023 and 2022

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

The Company's transactions are principally denominated in United States Dollars. However, payments to governments such as royalties and taxes are paid in local currency in both Turkey and Thailand.

**Depletion and Depreciation**

	March 31, 2023	March 31, 2022
Depletion and depreciation on property, plant and equipment ("PP&E")	\$ 5,585	\$ 8
Capitalized Depletion and depreciation on PP&E	(5,533)	-
Depreciation on right of use assets	627	-
Capitalized Depletion and depreciation on right of use assets	(570)	-
Depletion and Depreciation	\$ 109	\$ 8

Depletion and depreciation expense for Q1 2023 are mostly related to Thailand assets and in particular PP&E acquired in the Mubadala Acquisition. Most of the depletion and depreciation was capitalized to cost of crude oil inventory for the nine day period between March 22 and March 31 2023, given that there were no sales in Thailand in Q1 2023. For the same period in 2022, depletion and depreciation expense are related to fixed assets in Turkey only.

**Non-cash Expenses**
**Currency Translation Adjustment**

The currency translation adjustment for Q1 2023 was a loss of \$0.05 million compared to a gain of \$0.5 million for the same period in 2022, reflecting the fluctuation in the value of the TL and Canadian dollar 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 Q1 2023 was \$0.6 million compared to \$0.1 million for the same period in 2022.

**Change in Estimate and Accretion on Decommissioning Liabilities**

In Q1 2023, the Company recorded a gain of \$0.04 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, changes in inflation rates and the accounting policy change to move to a credit adjusted interest rate in measuring the decommissioning liability. 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 Mubadala Acquisition**

As announced on December 6, 2022, the Company entered into the Mubadala SPA with the Seller to acquire the Thailand upstream oil producing portfolio of BOAGL, with an effective date of September 1, 2022. On March 22, 2023, the Mubadala Acquisition closed and the Company paid \$10.4 million in initial consideration plus contingent

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2023 and 2022

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

consideration of up to an additional \$50 million, contingent upon certain upside benchmark oil price scenarios in 2022, 2023, and 2024. Such contingent consideration is capped at a maximum of \$50 million. Contingent payments have been recorded at estimated fair value.

The Mubadala SPA has been accounted for as a business combination under IFRS 3. The preliminary purchase price allocation, based on the best information available on March 22, 2023, is as follows:

**Consideration**

Cash	\$ 10,438
Contingent consideration	9,117
<b>Total consideration</b>	<b>\$ 19,555</b>

**Preliminary Purchase Price Equation**

Cash and cash equivalents	\$ 242,496
Accounts receivable	54,902
Prepaid and deposits	6,680
Inventory	86,114
Right of use asset	58,382
Property, plant and equipment	336,537
Accounts and other payable	(171,749)
Lease liability	(59,764)
Provision for employee benefits	(9,696)
Income tax payable	(112,019)
Decommissioning obligations	(168,515)
Deferred tax liability	(36,193)
Bargain purchase gain	(207,620)
	<b>\$ 19,555</b>

The identifiable assets and liabilities have been measured at their individual fair values on the date of acquisition. Determinations of fair value often require management to make assumptions and estimates about future events. The above preliminary purchase price allocation is based on management's best estimate at the time of the preparation of these financial statements. The purchase price allocation is not final as Valeura is continuing to obtain and verify information required, including those from internal and external specialists, to determine the fair value of certain assets and liabilities including property plant and equipment, exploration and evaluation assets and decommissioning obligations as well as the finalization of working capital adjustments. Upon finalizing the value of the net assets acquired, liabilities assumed and total consideration adjustments including those impacting the bargain purchase gain may be required as values subject to estimate are finalized. As new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, then the accounting for the acquisition will be revised.

The preliminary fair value of the PP&E was determined based on the estimate of proved and probable reserves from an independent third party reserve evaluation prepared as at December 31, 2022 and adjusted for production from January 1, 2023 to March 22, 2023. Deferred taxes were calculated by applying the statutory tax rate to the PP&E Right of Use (ROU) assets, decommissioning obligation, and lease liabilities fair values less available tax pools. The preliminary fair value of decommissioning obligations was determined based on applying a credit adjusted interest rate. The purchase price allocation related to the acquisition is preliminary and may be subject to adjustments, which may be material, pending completion of final valuations and specialist reports.

The contingent consideration is payable if the arithmetical average of the daily "close" of all quotations in USD for Dubai crude oil in the Platts Crude Oil Marketwire on a \$/bbl basis (the "Benchmark") averages over \$100 dollars for 2022, 2023 or 2024. No contingent consideration was payable for 2022 as the reference price did not average over \$100. Such contingent consideration is capped at a maximum of \$50 million, and each year is calculated

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2023 and 2022

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

independently of each other year. The contingent consideration is payable in January 2024 for 2023 amounts (if applicable), and January 2025 for any amounts related to 2024. For each of 2023 and 2024, the contingent consideration is calculated as \$1.15 million per \$1/bbl increase in the Benchmark over \$100. The Company has used expected future price scenarios from a number of sources and discounted any possible payments at a credit adjusted interest rate. Expected cash flows of \$11.5 million for 2024 were discounted to \$9.2 million.

A preliminary bargain purchase gain of \$208 million was recognized primarily related to results of operations between the effective and closing date of the acquisition and fair value adjustments to assets and liabilities, with the fair value of the assets purchased exceeding the fair value of the liabilities assumed and consideration paid.

A loss of \$1.7 million was included in the Company's condensed interim consolidated statements of income loss and comprehensive loss for the three months ended March 31, 2023 related to the operations of BOGL between March 22, 2022 and March 31, 2023.

**The Kris Acquisition**

As announced on April 28, 2022, the Company entered into the Kris SPA with KrisEnergy (Asia) Ltd. to acquire all of the issued and outstanding shares of KrisEnergy International (Thailand) Holdings Ltd. (now known as Valeura Energy (Thailand) Holdings Ltd.) ("VETH"), which holds an interest in two operated licences in shallow water offshore Thailand Licence G10/48 and Licence G6/48. On June 15, 2022, the Kris Acquisition closed with \$4.1 million in consideration paid, including the initial purchase price and maintenance and administrative costs incurred between the effective and closing date. Contingent payments of up to \$7.0 million, based on future development milestones, remain outstanding. The fair value of the contingent payments is discussed further below.

To facilitate the Kris Acquisition, Valeura, with an 85% interest, and Panthera Thailand Pte. Ltd., ("Panthera"), with a 15% interest, created the SPV, to serve as the entity which completed the Kris Acquisition. The relationship between Valeura and Panthera as shareholders of the SPV was governed by a shareholder's agreement (the "Shareholders Agreement") which includes, among other things, provisions for the funding of the purchase price entirely by Valeura. Under the Shareholders Agreement, Valeura had control over the SPV. On December 27, 2022, Valeura increased its interest in the SPV to 87.5% and Panthera's share decreased to 12.5%. On March 21, 2023, Valeura acquired the remaining 12.5% ownership stake held by Panthera, resulting in the SPV becoming a wholly owned subsidiary of Valeura, and thereby increasing its effective interest in its entire Thailand portfolio.

The Kris Acquisition has been accounted for as a business combination under IFRS 3. The preliminary purchase price allocation, based on the best information available regarding VETH, is as follows:

<b>Consideration</b>	
Cash	\$ 4,053
Contingent consideration	4,109
<b>Total consideration</b>	<b>\$ 8,162</b>
<b>Purchase Price Allocation</b>	
Cash	\$ 22
Accounts receivable	1,014
Prepaid expenses and deposits	470
Inventory	326
Exploration and evaluation assets	2,375
Property, plant and equipment	26,196
Accounts payable	(1,770)
Decommissioning obligations	(18,879)
Bargain purchase gain	(1,592)
	<b>\$ 8,162</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2023 and 2022

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

---

The identifiable assets and liabilities have been measured at their individual fair values on the date of acquisition. Determinations of fair value often require management to make assumptions and estimates about future events. The above preliminary purchase price allocation is based on management's best estimate at the time of the preparation of these financial statements. The purchase price allocation is not final as Valeura is continuing to obtain and verify information required, including those from internal and external specialists, to determine the fair value of certain assets and liabilities including property plant and equipment, exploration and evaluation assets and decommissioning obligations as well as the finalization of working capital adjustments. Upon finalizing the value of the net assets acquired, liabilities assumed and total consideration adjustments including those impacting the bargain purchase gain may be required as values subject to estimate are finalized. As new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, then the accounting for the acquisition will be revised.

The preliminary fair value of PP&E was determined based on the estimate of proved and probable reserves from an independent third party reserve evaluation prepared as at March 31, 2022. Deferred taxes were calculated by applying the statutory tax rate to the PP&E fair value less available tax pools. Due to the size of the available tax pools, no deferred tax liability was recorded. The preliminary fair value of decommissioning obligations was determined based on applying a credit adjusted interest rate. The purchase price allocation related to the acquisition is preliminary and may be subject to adjustments, which may be material, pending completion of final valuations and specialist reports.

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 field. Further contingent consideration of \$5.0 million will become due 90 days after first production through a permanent production facility on the Rossukon field. Probabilities have been assigned to each payment and after calculating the present value of these potential future payments, the maximum payment of \$7.0 million has been reduced to a fair value of \$4.1 million as at the acquisition date.

The Company recorded adjustments to the fair value in the fourth quarter of 2022 to the purchase price allocation to reflect facts and circumstances in existence at the date of acquisition. These adjustments related to the decommissioning obligations (increase of \$0.6 million) and working capital (decrease of \$0.05 million). All measurement period adjustments were offset to the bargain purchase gain on a retrospective basis. A preliminary bargain purchase gain of \$1.6 million was recognized primarily related to ongoing commodity price volatility between the effective and closing date of the acquisition with the fair value of the assets purchased exceeding the fair value of the liabilities assumed and consideration paid.

**Long term deposits**

In Q2 2022, Valeura entered into an agreement to purchase an onsite MOPU in an asset acquisition transaction, for total cash consideration of \$9.2 million, with the final payment of \$5.0 million due no later than June 30, 2023. As at March 31, 2023, \$4.2 million in cash consideration had been paid. The MOPU's recertification was completed in January 2023. Since title does not pass until the final payment of \$5.0 million has been made, and the payments are non-refundable, the amounts paid are treated as a long-term non-refundable deposit at March 31, 2023. The balance at March 31, 2023, includes cash considerations paid and costs incurred in relation to the recertification of the MOPU. Upon transfer of title, the costs will be moved to property plant and equipment. The costs are subject to derecognition if the acquisition of the MOPU is not completed.

**Hyperinflation**

During Q2 2022, the Turkish Statistical Institute's published consumer price index indicated that cumulative three-year inflation had exceeded 100 percent which continued through to March 31, 2023. 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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2023 and 2022

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

---

financial results and position of its subsidiary in Turkey as required by 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 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 and amounts available under the Facility. 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 March 31, 2023, the Company had working capital of \$104.0 million and adjusted net working capital<sup>1</sup> of \$135 million, which included cash and cash equivalents of \$269.0 million.

In June 2022, the Company acquired non-producing offshore oil and gas properties (see note 4 to the Interim Financial Statements). In March 2023, the Company acquired producing assets with significant cash flow. However, the offshore properties for both acquisitions have significant commitments and require significant capital spending. In order to fund the acquisitions and ensure the ability to meet all commitments and capital spending requirements in a volatile oil price environment the Company has secured financing arrangements (see note 13 to the Interim Financial Statements). The ability of the Company to draw on its Facility 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.

---

<sup>1</sup> Non-IFRS measure that does not have any standardised meaning under IFRS and therefore may not be comparable to similar measures presented by other entities – see "Non-IFRS Measures". Adjusted net working capital is current assets less current liabilities plus current lease liabilities.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2023 and 2022

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

**Credit facilities and restricted cash**
*Facility*

	March 31, 2023	March 31, 2022
Facility, beginning of year	\$ 11,090	\$ -
Advances	40,000	-
Interest and commitment fee accrued	587	-
Arrangement fee	(1,000)	-
Financing transaction costs	(1,000)	-
Amortization of financing transaction costs arrangement fee	195	-
Facility, end of period	49,872	-
Current portion	16,997	-
Long-term portion	\$ 32,875	\$ -

On November 11, 2022, subsidiaries of the Company signed agreements with a third party marketer 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 up to \$80 million, as may be required to support a potential future acquisition, subject to the satisfaction of certain conditions precedent and the ultimate agreement of the third party marketer. 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 effective yield rate at March 31, 2023, is 17.8%. 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 which are further discussed below 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 Gulf of Thailand assets and operations as well as certain parent company guarantees.

Draws on the Facility were \$12.5 million at year end 2022 and the Company drew an additional \$40 million from the Facility at closing of the Mubadala Acquisition, for the purchase price, working capital needs, and a deposit in the amount of \$19.8 million provided to the Seller in relation to replacing certain letters of credit associated with the acquired Company. The deposit is to be contractually returned when the letters of credit are replaced in a form acceptable to the Seller.

The financial covenants are as follows:

- The liquidity ratio is the ratio of the aggregate of the cash flows available for debt service and the available cash during the relevant test period and the amount of the proposed advance; to the aggregate of the relevant amounts due on the Facility, distributions and other expenditures for general corporate purposes during the relevant test period which is the shorter of 12 months or until the maturity date of the Facility. The liquidity ratio is tested before each advance from the Facility and is required to be equal to or greater than 140%. The last advance from the Facility was in December 2022.
- The coverage ratio includes both a forward-looking ratio and a backward-looking ratio. The forward-looking ratio is the aggregate of all cargo values delivered and estimated cargo values to be delivered until the date falling two years from the initial first advance from the Facility; to the advances and interest accrued on the advances until the date falling two years from the initial advance from the Facility. The backward-looking ratio includes all cargo values in the past six months, to the advances from the Facility and the interest payable during the previous six months. The coverage ratio is tested on the first business day of each semi-annual period falling after the date of the agreement. The coverage ratio is to be equal or greater than 300%. This coverage ratio has not yet qualified for testing.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2023 and 2022

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

*Letter of credit facility*

The Company's account performance security guarantee facility ("APSG Facility") with Export Development Canada is effective from June 7, 2022 to August 31, 2023, with an initial limit of \$1.0 million which was raised to \$11.0 million on March 10, 2023 and can be renewed on an annual basis. The APSG Facility, which was issued to National Bank of Canada ("NBC"), allows the Company to use the APSG Facility as collateral for certain letters of credit issued by NBC. The Company has issued approximately \$10.4 million in letters of credit under the APSG Facility at current exchange rates.

*Restricted Cash*

The Company has restricted cash in the amount of \$2.7 million (2022 - \$0.1 million) that is held with National Bank of Canada related primarily to securing a letter of credit for a drilling rig contractor in Thailand in the amount of \$2.5 million. The remaining \$0.2 million is related to securing licence deposits with the General Directorate of Mining and Petroleum Affairs of the Republic of Turkey ("GDMPA") and for letters of credit lodged with the Thailand Customs department.

**Selected Quarterly Information**

	Three months ended			
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Total daily production (boe/d)	-	-	-	-
Petroleum and natural gas sales	-	-	-	-
Cash provided (used) in operating Activities	(26,104)	(6,916)	(6,437)	(2,697)
Net income (loss)	196,718	(6,888)	(3,612)	333
Net income (loss) attributable to:				
Shareholders of Valeura Energy	197,431	(6,142)	(2,939)	59
Non-controlling interest	(713)	(746)	(673)	274
Per share, basic	\$ 2.17	\$ 0.07	\$ (0.04)	\$ 0.00
Per share, diluted	\$ 2.05	\$ (0.07)	\$ (0.04)	\$ 0.00
	Three months ended			
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Total daily production (boe/d)	-	-	-	614
Petroleum and natural gas sales	-	-	-	1,040
Cash provided by (used in) operating Activities	(1,743)	(887)	(1,151)	(677)
Net loss	(3,640)	(3,190)	1,234	(61,533)
Per share, basic and diluted	\$ (0.04)	\$ (0.04)	\$ 0.01	\$ (0.71)

Significant factors that have impacted the Company's results during the above periods include: The Company reported net income in Q1 2023, as a result of closing the Mubadala Acquisition and recording a bargain purchase gain.

- The Company reported net income in Q2 2022, as a result of closing the Kris Acquisition and recording a bargain purchase gain.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2023 and 2022

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

- Cash used in operating activities increased in 2022 as a result of transactions costs associated with the Kris 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**

	<b>March 31, 2023</b>
Common Shares	101,073,823
Stock options	7,743,332
Fully diluted	108,817,155

**Critical Accounting Policies**
**Use of Estimates and Judgments**
**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 January 1, 2023, and ending on March 31, 2023, 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 the Kris Acquisition. 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 as systems and processes align.

On March 22, 2023, the Company closed the Mubadala Acquisition. As permitted by and in accordance with NI 52-109, the CEO and CFO have limited the scope of our design of DC&P and ICFR to exclude controls, policies, and procedures of BOAGL. This scope limitation is primarily due to the time required to assess the DC&P and ICFR relating to BOAGL in a manner consistent with the Company's other operations. Further integration will take place 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.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2023 and 2022

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

---

### **Off Balance Sheet Arrangements**

The Company had no material off-balance sheet arrangements outstanding as at March 31, 2023, other than those discussed herein.

### **Financial Instruments**

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

### **Business Risks and Uncertainties**

The reader is referred to Valeura's December 31, 2022, audited consolidated financial statements and management's discussion and analysis, and 2022 AIF for a more complete description of risks. As a result of the Mubadala and Kris Acquisitions, the following risk factors are more prevalent at March 31, 2023: 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:

#### **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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2023 and 2022

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

---

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.

**Variations in foreign exchange rates and interest rates, and hedging**

The Company's future revenue streams in Thailand are expected to be in USD and THB, with its capital expenditures and many of its operating expenditures in USD. The functional currency of the Company's Thailand based subsidiaries is in USD. Payments to governments such as taxes and royalties in both Thailand and Turkey are made mostly in local currencies.

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 the USD 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2023 and 2022

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

---

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 USD to offset the risk of a relative strengthening of the USD, 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 through the 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 total cash consideration and quantum for any contingent consideration in respect of the Mubadala Acquisition; the Company's outlook and guidance for the assets acquired in the Mubadala Acquisition; certain contingent payments of up to a further \$7.0 million under the Kris Acquisition relating to further development milestones; anticipated 2023 operating costs and capital expenditures; certain contingent payments of up to a further \$50.0 million under the Mubadala Acquisition relating to future price scenarios; statements regarding the Company's forward guidance expectations for 2023; the expected use of the Company's available funds and proceeds from the Offering; the expectation that a MOPU is expected to mobilise to the Nong Yao C accumulation field area in Q4 2023, followed by development drilling, targeting first production in Q1 2024; title passing from the Seller of the MOPU the Company; planning for a five-well infill drilling programme on the Wassana field starting in Q3 2023; the goal to increase production rates from the Wassana field; the Company's farm down process for the Deep Gas Play continuing; working to secure a partner in connection with the Deep Gas Play; decommissioning obligations; the ability to extend the Thrace Basin exploration licences for up to a further four years; the search for additional M&A opportunities and pursuit of organic growth opportunities; the potential of a Deep Gas Play in the Thrace Basin; Valeura's operations and outlook; the required level of capital spending and requirements; the ability to meet and maintain certain terms, conditions and covenants of the Facility; future economic conditions; the ability to renew the APSG Facility; assessing the DC&P and ICFR relating to VETH; future currency exchange rates and inflation; possibility of hedging against exchange rate risk; demand for key equipment including marine vessels and materials required to execute projects; anticipated total capital spending in 2023; anticipated 2023 oil production rates; price realisations approximately equivalent to the Brent crude oil benchmark; anticipated 2023 operating costs; intention to fund operating costs through cash generated from ongoing operations; extension of the life of the MOPU facility on Licence G10/48; expectations regarding the drilling programme continuing on the Jasmine/Ban Yen fields expectations regarding infill drilling on the Nong Yao field; the

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2023 and 2022

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

intention to conduct infill drilling on the Manora field; planning and timing for the expected development of the Nong Yao C accumulation; timing for the installation of a MOPU facility on Nong Yao C and the start of drilling operations, including the target for first production; intention to re-invest assets and develop organic growth opportunities; continued pursuit of inorganic opportunities within the Thailand and broader Southeast Asia region; and future liquidity.

Forward-looking information is based on management's current expectations and assumptions regarding, among other things: the Company's ability to integrate assets and employees from the Mubadala Acquisition and Kris Acquisition; the ability to successfully increase production from the Wassana field and the timing; the ability to achieve oil sales from Wassana and generate net cash flows at current commodity prices; the ability to fully identify and execute infill drilling opportunities in the Wassana field; the ability to continue ongoing production operations at the Jasmine, Manora, and Nong Yao fields; the ability to successfully pursue further opportunities in Thailand; the ability to extend the Thrace Basin exploration licences for up to a further four years; the ability to identify attractive M&A opportunities to support growth; the continuation of operations following the COVID-19 pandemic; continued safe, reliable and environmentally responsible operations and ability to proceed in a timely manner; the ability to satisfy the conditions precedent under the Facility; the ability to meet and maintain certain terms, conditions and covenants under the Facility; future sources of funding; future economic conditions; the ability to manage costs related to inflation; 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 governments and regulators in a manner consistent with past conduct; future drilling activity on the required/expected timelines; the prospectivity of the Company's lands; the continued favourable pricing and operating netbacks across its business; 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 Thailand and Turkey; field production rates and decline rates; the impact of increasing competition; 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 timing and costs of pipeline, storage and facility construction and expansion; future oil and natural gas prices; currency, exchange rates; 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 continued minimal effect on the Company's ability to operate from various geopolitical unrest; the state of the capital markets; future commodity prices; the impact of the Russian invasion of Ukraine; royalty rates and taxes; future capital and other expenditures; the success obtained in drilling new wells and working over existing wellbores; the performance of wells and facilities; the availability of the required capital to fund its exploration, development and other operations, and the ability of the Company to meet its commitments and financial obligations; the ability of the Company to secure adequate processing, transportation, fractionation and storage capacity on acceptable terms; the capacity and reliability of facilities; the application of regulatory requirements respecting abandonment and reclamation; the recoverability of the Company's reserves and contingent resources; future growth; the sufficiency of budgeted capital expenditures in carrying out planned activities; global energy policies going forward; future debt levels; and the ability of the Company to obtain financing on acceptable terms. 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, offshore storage and offloading facilities 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 and resources are speculative activities and involve a degree of risk.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the three months ended March 31, 2023 and 2022

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

---

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 ability of management to execute its business plan or realise anticipated benefits from the Mubadala Acquisition and Kris Acquisition; competition for specialised equipment and human resources; the Company's ability to manage growth; the Company's ability to manage the costs related to inflation; disruption in supply chains; the risks of currency fluctuations; changes in interest rates, oil and gas prices and netbacks; 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 Kris Acquisition; the ability to maintain effective internal controls over financial reporting; the ability to secure a new partner for Deep Gas Play; the ability to execute potential M&A opportunities; the risk that the conditions precedent under the Facility will not be satisfied and that other financing may not be available; the risks of further disruptions from the COVID-19 pandemic; liquidity risk; 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 contemplated timelines and costs for offshore development plans in Thailand and the Deep Gas Play evaluation in Turkey; 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 the countries in which it operates; the risk of changing commodity prices and BOTAS Reference Prices (priced in TL); the risk of foreign exchange rate fluctuations; 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 information included in this MD&A is expressly qualified in its entirety by this cautionary statement. See the 2022 AIF for a detailed discussion of the risk factors.

Certain forward-looking information in this MD&A may also constitute "financial outlook" within the meaning of applicable securities legislation. Financial outlook involves statements about Valeura's prospective financial performance or position and is based on and subject to the assumptions and risk factors described above in respect of forward-looking information generally as well as any other specific assumptions and risk factors in relation to such financial outlook noted in this MD&A. Such assumptions are based on management's assessment of the relevant information currently available, and any financial outlook included in this MD&A is made as of the date hereof and provided for the purpose of helping readers understand Valeura's current expectations and plans for the future. Readers are cautioned that reliance on any financial outlook may not be appropriate for other purposes or in other circumstances and that the risk factors described above or other factors may cause actual results to differ materially from any financial outlook.

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.