valeura energy

Q2

Interim Condensed Consolidated
Financial Statements
(Unaudited)

For the Period Ended June 30, 2025
August 7, 2025

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Unaudited)

In US$'000	Note	Unaudited June 30, 2025	December 31, 2024
ASSETS			
Current assets			
Cash and cash equivalents		218,773	236,543
Restricted cash	5	875	1,093
Trade and other receivables	6	43,779	38,437
Inventories	7	74,595	59,264
Prepaid expenses and deposits		13,786	5,574
Total current assets		**351,808**	**340,911**
Non-current assets			
Restricted cash	5	22,336	21,718
Exploration and evaluation assets	8	8,771	8,075
Property, plant and equipment	9	263,159	264,425
Right-of-use assets	10	92,393	71,492
Deferred tax assets		120,851	150,689
Total non-current assets		**507,510**	**516,399**
TOTAL ASSETS		**859,318**	**857,310**
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	11	109,425	130,777
Current portion of lease liabilities	10	40,649	28,746
Incentive compensation liability	12	2,516	1,799
Income tax payable		628	24,318
Total current liabilities		**153,218**	**185,640**
Non-current liabilities			
Lease liabilities	10	58,905	45,727
Decommissioning obligations	13	87,347	83,644
Provision for employee benefits		10,134	9,351
Deferred tax liability		7,041	4,665
Total non-current liabilities		**163,427**	**143,387**
Equity			
Share capital	14	204,660	205,952
Contributed surplus		24,805	25,182
Accumulated other comprehensive income		10,834	10,830
Retained earnings		302,374	286,319
Total equity		**542,673**	**528,283**
TOTAL LIABILITIES AND EQUITY		**859,318**	**857,310**

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Unaudited)

		Three months ended		Six months ended	
In US$'000	**Note**	**Unaudited June 30, 2025**	**Unaudited June 30, 2024**	**Unaudited June 30, 2025**	**Unaudited June 30, 2024**
Revenue and other income					
Oil revenues		129,264	163,960	277,345	313,368
Other income	16	8,768	1,945	11,110	3,682
		138,032	**165,905**	**288,455**	**317,050**
Expenses					
Operating		43,796	41,694	82,648	83,482
Exploration		3,216	269	3,491	2,465
General and administrative		9,332	7,432	15,477	14,738
Royalties		16,819	17,947	33,881	36,586
Special remuneratory benefit (SRB)		173	48	196	48
Finance costs	15	5,457	6,775	10,447	13,291
Depletion and depreciation	9,10	44,288	52,899	89,750	100,495
		123,081	**127,064**	**235,890**	**251,105**
Profit for the period before other items		**14,951**	**38,841**	**52,565**	**65,945**
Change in net monetary position due to hyperinflation	4	202	285	427	548
Profit for the period before income taxes		**15,153**	**39,126**	**52,992**	**66,493**
Income taxes					
Deferred tax expense (recovery)		8,856	(4,915)	32,215	(21,199)
Current tax expense		848	32,732	1,255	56,965
Net income		**5,449**	**11,309**	**19,522**	**30,727**
Net income attributable to:					
Shareholders of Valeura Energy		5,449	11,309	19,522	30,727
Net income		**5,449**	**11,309**	**19,522**	**30,727**
Other comprehensive income (loss)					
Currency translation adjustments		64	39	4	(79)
Total comprehensive income		**5,513**	**11,348**	**19,526**	**30,648**
Total comprehensive income attributable to:					
Shareholders of Valeura Energy		5,513	11,348	19,526	30,648
Earnings per share					
Basic	*19*	*0.05*	*0.11*	*0.18*	*0.29*
Diluted	*19*	*0.05*	*0.10*	*0.18*	*0.28*

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

	Note	Three months ended		Six months ended	
		Unaudited June 30, 2025	Unaudited June 30, 2024	Unaudited June 30, 2025	Unaudited June 30, 2024
Operating activities:					
Profit for the period before income taxes		15,153	39,126	52,992	66,493
Adjustments for:					
Depletion and depreciation	9, 10	44,288	52,899	89,750	100,495
Share-based compensation		3,063	903	4,257	1,432
Finance costs	15	5,457	6,775	10,447	13,291
Write down (reversal) inventories to net realisable value		-	-	-	(7,126)
Provision for employee benefits		(241)	303	388	219
Provision for inventories obsolescence		-	(386)	-	(741)
Change in net monetary position due to hyperinflation	4	(202)	(285)	(427)	(548)
Unrealised foreign exchange (gain) loss		(2,566)	(588)	(5,759)	384
Operating cashflows before movements in working capital		64,952	98,747	151,648	173,899
Change in non-cash working capital	18	1,154	(6,772)	(47,177)	(739)
Cash generated from operating activities		66,106	91,975	104,471	173,160
Income taxes paid		(14,909)	(66,919)	(25,068)	(66,919)
Decommissioning cost paid	13	-	-	(23)	(4)
Payments on contingent considerations		-	(7,000)	-	(7,000)
Change in restricted cash	5	993	39	400	-
Net cash from operating activities		**52,190**	**18,095**	**79,780**	**99,237**
Investing activities:					
Property, plant and equipment expenditures		(46,581)	(50,566)	(79,726)	(81,353)
Exploration and evaluation expenditures		(508)	(4,974)	(508)	(4,974)
Change in non-cash working capital	18	9,084	(488)	7,221	1,885
Net cash used in investing activities		**(38,005)**	**(56,028)**	**(73,013)**	**(84,442)**
Financing activities:					
Principal payments on lease liabilities		(8,100)	(8,136)	(15,688)	(17,144)
Payments on financing fee	15	(1,610)	(1,852)	(2,897)	(3,102)
Payments for share repurchases	14	(288)	-	(5,416)	-
Payments for vested DSU/PSU/RSUs		(2,184)	-	(2,599)	-
Payments for surrendered stock options		(413)	-	(413)	-
Proceeds from stock option exercises		199	1,315	389	1,626
Net cash used in financing activities		**(12,396)**	**(8,673)**	**(26,624)**	**(18,620)**
Foreign exchange gain (loss) on cash held in foreign currencies		1,517	(219)	2,087	(521)
Net change in cash and cash equivalents		**3,306**	**(46,825)**	**(17,770)**	**(4,346)**
Cash and cash equivalents, beginning of period		**215,467**	**176,345**	**236,543**	**133,866**
Cash and cash equivalents, end of period		**218,773**	**129,520**	**218,773**	**129,520**

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)

In US$'000	Number of common shares (Share '000)	Share Capital (US$'000)	Contributed Surplus (US$'000)	Accumulated Other Comp. Income (US$'000)	Retained Earnings (US$'000)	Total Shareholders' Equity (US$'000)
Balance, January 1, 2025	106,650	$ 205,952	$ 25,182	$ 10,830	$ 286,319	$ 528,283
Net income for the period	-	-	-	-	19,522	19,522
Shares issued	590	660	(684)	-	-	(24)
Currency translation adjustments	-	-	-	4	-	4
Shares repurchased under normal course issuer bid	(1,013)	(1,952)	-	-	(3,467)	(5,419)
Share-based compensation	-	-	307	-	-	307
June 30, 2025	**106,227**	**204,660**	**24,805**	**10,834**	**302,374**	**542,673**

In US$'000	Number of common shares (Share '000)	Share Capital (US$'000)	Contributed Surplus (US$'000)	Accumulated Other Comp. Income (US$'000)	Retained Earnings (US$'000)	Total Shareholders' Equity (US$'000)
Balance, January 1, 2024	102,955	$ 203,127	$ 24,328	$ 10,393	$ 46,330	$ 284,178
Net income for the period	-	-	-	-	30,727	30,727
Shares issued	3,974	3,387	(1,761)	-	-	1,626
Currency translation adjustments	-	-	-	(197)	-	(197)
Share-based compensation	-	-	1,097	-	-	1,097
June 30, 2024	**106,929**	**$ 206,514**	**$ 23,664**	**$ 10,196**	**$ 77,057**	**$ 317,431**

See accompanying notes to the interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – Reporting Entity

Valeura Energy Inc. and its subsidiaries ("Valeura" or the "Company") are currently engaged in the exploration, appraisal, development, and production of petroleum in the Gulf of Thailand and natural gas onshore Türkiye. Valeura is incorporated in Alberta, Canada and has subsidiaries in Canada, Netherlands, Türkiye, Thailand, Singapore, Mauritius, British Virgin Islands, and Cayman Islands. Valeura's shares are traded on the Toronto Stock Exchange ("TSX") under the trading symbol VLE, and quoted on the OTCQX in the United States of America under the trading symbol VLERF. Valeura's head office address is 111 Somerset Road, #09-29/30/31, Singapore 238164. Valeura's registered and records office is 4600, 525 – 8th Avenue SW, Calgary, Alberta, T2P 1G1.

The Board of Directors approved the interim condensed consolidated financial statements for issuance on August 7, 2025.

NOTE 2 – Basis of Preparation

These unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements should be read in conjunction with Valeura's audited consolidated financial statements and MD&A for the year ended December 31, 2024. The unaudited interim condensed consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and methods of computation as set forth in Valeura's audited consolidated financial statements for the year ended December 31, 2024, with the exception as noted below of certain disclosures that are normally required to be included in annual consolidated financial statements which have been condensed or omitted in the interim statements.

Basis of Measurement

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial and non-financial assets and liabilities, which have been measured at fair value and except for the application of hyperinflationary accounting for the Company's subsidiary in Türkiye. The methods used to measure fair value are consistent with the Company's consolidated financial statements for the year ended December 31, 2024

The interim condensed consolidated financial statements include the accounts of the Company and are expressed in thousands of US Dollars ("US$"), unless otherwise stated.

Functional and Presentation Currency

The interim condensed consolidated financial statements are presented in US Dollars ("US$"), which is the Company's functional currency and presentation currency. The functional currencies of subsidiaries are determined based on the economic environment in which they operate. For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in other comprehensive income, and the translation of assets and liabilities under a hyperinflationary environment disclosed in Note 4. The translation differences which arise are recorded directly in other comprehensive income.

New and Revised Standards

The Company has applied all the new and revised IFRS Accounting Standards that are mandatorily effective for an accounting period that begins on or after January 1, 2025. The application of these revised standards did not have a material effect on the interim condensed consolidated financial statements.

Use of Estimates and Judgements

The preparation of interim condensed consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

The Company has reviewed the current estimates and judgements and determined that they do not have a material change from the estimates and judgements used for the audited consolidated financial statements for the year ended December 31, 2024.

Going Concern

The interim condensed consolidated financial statements for the period ended June 30, 2025, have been prepared on a going concern basis, which assumes that the Company have adequate resources to continue in operational existence for the foreseeable future.

NOTE 3 – Material Accounting Policies

(a) Basis of consolidation

(i) Subsidiaries:

The interim condensed consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; or
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Company's accounting policies.

Non-controlling interests in subsidiaries are identified separately from the Company's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Company loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

(ii) Transactions eliminated on consolidation:

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

(b) Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Company undertakes its activities under joint operations, the Company as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Company accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Accounting Standards applicable to the particular assets, liabilities, revenue and expenses.

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. Valeura has the following licences and working interests:

Name of the joint arrangement	Key Fields	Nature of the relationship with the joint arrangement	Principal place of operation of joint arrangement	Thai Licence regime	Working Interests
G10/48 Concession(1)	Wassana	Operator	Gulf of Thailand	Thai III	100%
B5/27 Concession(2)	Jasmine/Ban Yen	Operator	Gulf of Thailand	Thai I	100%
G1/48 Concession(3)	Manora	Operator	Gulf of Thailand	Thai III	70%
G11/48 Concession(4)	Nong Yao	Operator	Gulf of Thailand	Thai III	90%
West Thrace Deep JV(5)	-	Operator	Türkiye	N/A	63% (all rights)
Banarli Deep JV(5)	-	Operator	Türkiye	N/A	100% (all rights)

(1) The Company's interest in the G10/48 Concession is held by Valeura Energy (Thailand) Ltd.
(2) The Company's interest in the B5/27 Concession is held by Busrakham Jasmine Ltd.
(3) The Company's interest in the G1/48 Concession is held Valeura Energy (Thailand) Ltd. (70%)
(4) The Company's interest in the G11/48 Concession is held by Valeura Energy (Thailand) Ltd. (90%)
(5) The Banarli and West Thrace Exploration Licences have been extended to a new expiry date of June 27, 2026, and the Company has engaged in discussions with the government in relation to another two-year Appraisal Period extension thereafter.

On November 1, 2024, Valeura's working interests in all its Thai III fiscal contracts, covering the Nong Yao, Manora and Wassana fields, were successfully transferred to Valeura Energy (Thailand) Ltd.

(c) Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred except if related to the issue of debt securities. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value with certain exceptions.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Company in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Company obtains control including control achieved in a business that was joint operation) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

(d) Financial instruments

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial assets give rise to cash flows on specified dates that are solely payments of principal and interest on principal amounts outstanding.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Valeura does not currently have financial instrument contracts to which it applies hedge accounting.

(iii) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognised as a deduction from equity, net of any tax effects.

(e) Inventories

Inventories consists of the Company's unsold Thailand crude oil and spare parts. Inventories are valued at the lower of cost and net realisable value (NRV). Cost is determined using the weighted average cost 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 production of crude oil in inventories. The Company assesses the net realisable value of the inventories at the end of each year and recognises the appropriate write-down 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.

Spare parts are valued at cost net of provision for obsolescence. The provision is recognised for spare parts used for exploration and production of oil that are obsolete and unserviceable.

(f) Exploration and evaluation assets

The Company follows the successful efforts method of accounting to account for its oil and gas exploration, evaluation, appraisal and development expenditures. Under this method, costs of acquiring properties, drilling successful exploration and appraisal wells, and development costs are capitalised. All other costs such as pre-licence costs, exploratory geological and geophysical costs including seismic costs incurred during exploration phase, are recognised in profit or loss as incurred. Exploration and evaluation ("E&E") costs, including the costs of acquiring licences and directly attributable general and administrative costs, are initially capitalised as exploration and evaluation assets. The costs are accumulated by well, field or exploration area pending determination of technical feasibility and commercial viability. E&E assets is written off when the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the very near future, and is not expected to be renewed or exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area. The write-off of E&E assets is recognised in profit or loss.

(g) Property, plant and equipment

(i) Recognition and measurement:

Items of property, plant and equipment ("PP&E"), which include oil and gas development and production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Development and production assets are grouped into CGUs for impairment testing. When significant parts of an item of PP&E, including oil and natural gas interests, have different useful lives, they are accounted for as separate items (components).

Gains and losses on disposal of an item of property, plant and equipment, including oil and natural gas interests, are determined by comparing the proceeds from disposal with the carrying amount of PP&E and are recognised in profit or loss.

(ii) Subsequent costs:

Costs incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts of PP&E are recognised as oil and natural gas interests only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognised in profit or loss as incurred. Such capitalised oil and natural gas interests generally represent costs incurred in developing proved and/or probable reserves and bringing in or enhancing production from such proved and probable reserves, and are accumulated on a field or geotechnical area basis. The carrying amount of any replaced or sold component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Capital work in progress:

The Company capitalises all costs relating to the construction of property, plant and equipment as capital work in progress, up to the date of completion and commissioning of the asset. Such costs are transferred from capital work in progress to the appropriated asset category upon completion and commissioning, and are depreciated over their estimated useful lives from the date of such completion and commissioning.

(iv) Depletion and depreciation:

The net carrying value of oil and gas properties included in property, plant and equipment is depleted by area using the unit of production method by reference to the ratio of production in the year to the related proved and probable reserves (before royalties), taking into account estimated future development costs necessary to bring those proved and probable reserves into production. Future development costs are estimated taking into account the level of development required to produce the proved and probable reserves for each area. These estimates are reviewed by independent reserve engineers at least annually. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Other PP&E are recorded at cost on acquisition and amortised on a straight-line basis. The estimated useful lives for the current and comparative periods are as follows:

Leasehold improvements	5 years
Furniture, fixtures and office equipment	5 years
Computers	5 years

(h) Impairment

(i) Financial assets:

Loss allowances are recognised for expected credit losses ("ECLs") on its financial assets measured at amortised cost. Due to the nature of the financial assets, loss allowances are measured at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. The ECLs on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

(ii) Non-financial assets:

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

PP&E and E&E assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is the greater of its value-in-use and its fair value less costs of disposal. Fair value less costs of disposal is determined as the amount that would be obtained from the sale of the assets in an arm's length transaction between knowledgeable and willing parties.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. Value-in-use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proved and probable reserves.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss in respect of PP&E and E&E assets, recognised in prior years, is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation, if no impairment loss had been recognised.

(i) 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. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; and
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right of use assets are initially measured at an amount equal to the lease liability, adjusted by lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. 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.

If a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

(j) Employee benefits

(i) Short-term employee benefits

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

(ii) Retirement and termination benefit costs

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. 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 provident funds are funded by payments from employees and from the Company which are held in a separate trustee-administered fund. The Company contributes to the funds at a rate of 5% - 15% of the employees' salaries which are charged to the statement of profit or loss in the period the contributions are made.

The provision for employee benefit is for Legal Severance Pay under the Thai Labour Protection Act 1998 (revised 2023) and Retirement Pension Plan. 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 *Employee Benefits*. 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.

The Company's obligation in respect of the retirement benefit plans is calculated by estimating the amount of future benefits that employees will earn in return for their services to the Company in current and future periods. Such benefits are discounted to the present value. The employee benefits obligation is calculated by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income (loss) in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

(iii) Other long-term benefits

The other provision for employee benefit is long-term benefits based on employees' length of service. The Company calculates the amount of these benefits according to the employees' service period.

The expected obligations of retirement and termination benefit costs and other long-term benefits are calculated by independent actuarial experts and accrued over the period of employment. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions will be recognised in the statement of profit or loss and other comprehensive income in the period in which they arise.

The Company recognises the obligations in respect of employee benefits in the statements of financial position under "Provision for Employee Benefits".

(k) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognised for future operating losses.

Decommissioning obligations
The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration and capitalised in the relevant asset category. Decommissioning obligations are measured at the present value of management's best estimate of expenditure required to settle the present obligation at the statement of financial position date. The Company uses a credit adjusted interest rate in the measurement of the present value of its decommissioning obligations. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognised as finance costs whereas increases/decreases due to changes in the estimated future cash flows are capitalised. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

(l) Share based payments

(i) Stock options
The grant date fair value of options granted to certain employees are recognised as compensation expense, with a corresponding increase in contributed surplus over the vesting period on a straight-line basis. A forfeiture rate is estimated on the grant date and is subsequently adjusted to reflect the actual number of options that vest.

(ii) Performance share units and Restricted share units
The grant date fair value of performance share units ("PSU") and restricted share units ("RSU") granted to certain employees are recognised as compensation expense, with a corresponding increase in contributed surplus over the vesting period. The PSU is subject to certain non-market performance conditions, of which, the impact is estimated at the grant date.

(iii) Deferred share units
The grant date fair value of cash-settled deferred share units ("DSU") granted to a member of the board of directors are recognised as compensation expense, with a corresponding increase in compensation liability over the vesting period. Subsequent to initial recognition, the compensation liability and corresponding compensation expense are measured at fair value.

(m) Revenue from contracts with customers
The Company's oil revenues from the sale of crude oil are based on the consideration specified in the contracts with customers. Valeura recognises revenue when the performance obligation is satisfied by transferring control of the product to the customer, which is generally when legal title passes to the customer and collection is reasonably assured. Crude oil sales in Thailand are conducted on a tender basis for both domestic and export sales. The reference price generally used for Thailand crude oil is Dubai crude oil.

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

(i) Royalties to government in Thailand
Royalties paid to the Thai government are based on sales volumes and are payable in cash in each calendar quarter which commences from January, April, July, and October for Thai I licences and in the month following sales for Thai III licences. Royalties for Thai I licences are a flat 12.5%, and for Thai III licences are between 5% and 15% based on sales volumes.

(ii) Payment to previous owner in Thailand
Under the terms of the sales and purchase agreement between the Company and the previous owner of Licence B5/27, the Company is required to make payments to the previous owner in cash based on sales volumes computed as follows:

1) 6% of gross revenue from certain production areas within Licence B5/27;
2) $2 per barrel of oil produced from certain production areas within Licence B5/27; and
3) 4% of gross revenue from certain production areas other than that mentioned in 2) above within Licence B5/27.

(o) Special remuneratory benefit
Special remuneratory benefit ("SRB") is a unique form of tax on windfall profits or annual additional petroleum profits, arising from substantial increases in the price of petroleum, or very low-cost discoveries under Thailand Petroleum Income Tax Act. SRB is calculated annually on a block-by-block basis and varies from year-to-year, depending on the revenue per one meter of well drilled in the year. SRB will not apply unless capital expenditures have been recovered in full.

If the concessionaire has petroleum profit for the year, calculated based on related annual income per one meter of well, the SRB is calculated at the following rates, subject to a ceiling of 75% of petroleum profit for the year.

Rated Annual Income Per One Meter of Well	SRB
Up to Baht 4,800	Zero
Baht 4,800 to 14,400	1.0% per each Baht 240 increment
Baht 14,400 to 33,600	1.0% per each Baht 960 increment
Over Baht 33,600	1.0% per each Baht 3,840 increment

In order to determine rated annual income per one meter of well:

1) calculate annual Petroleum Income for the year, and adjust for inflation and exchange rates;
2) calculate the accumulated total meters of all wells (exploration wells, appraisal wells, production wells, etc.) drilled during the period of the concession; and Rated Annual Income per One Meter of Well = Adjusted Annual Petroleum Income divided by (Total depth of all wells + GSF). Note:

   GSF means Geological Stability Factor, which shall be fixed for each geological region of Thailand, and shall not be less than 150,000 meters. The number will increase in areas where drilling is more difficult.

(p) Finance costs
Finance costs comprise interest expense on any borrowings, accretion of the discount on provisions and interest expense arising from lease liabilities. Interest expense on borrowings is recognised as it accrues in profit or loss, using the effective interest method.

(q) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax is the expected taxes payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred tax is providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date and foreign exchange currency differences are recognised in the statement of profit or loss and other comprehensive income. Transactions in foreign currencies are translated at exchange rates prevailing at the transaction date. Foreign exchange gains and losses are presented within other income and other expenses in the statement of profit or loss and other comprehensive income.

(i) Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date and foreign exchange currency differences are recognised in the statement of profit or loss and other comprehensive income. Transactions in foreign currencies are translated at exchange rates prevailing at the transaction date. Foreign exchange gains and losses are presented within finance income and costs in the statement of income and comprehensive income.

(ii) Functional and presentation currency

Items included in the financial statements of each of the operational entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company's operational entities are the USD, CAD and TRY. The interim condensed consolidated financial statements are presented in USD which is the Company's presentation currency. The balance sheets and income statements of foreign companies are translated using the current rate method. All assets and liabilities are translated at the balance sheet date rates of exchange, whereas the income statements are translated at average rates of exchange for the year, except for transactions where it is more relevant to use the rate of the day of the transaction, and the translation of assets and liabilities under a hyperinflationary environment disclosed in Note 5. The translation differences which arise are recorded directly in other comprehensive income.

NOTE 4 – Hyperinflation

During the second quarter of 2022, the Turkish Statistical Institute's published consumer price index indicated that cumulative three-year inflation had exceeded 100 percent which continued throughout the year 2023 to 2025. Consequently, the Company has concluded that its subsidiary in Türkiye, whose functional currency is the Turkish Lira, is currently operating in a hyperinflationary environment. The Company has therefore applied accounting adjustments to the underlying financial results and position of its subsidiary in Türkiye as required by IAS 29 *Financial Reporting in Hyperinflationary Economies.* As required by IAS 29, the Company's interim condensed consolidated financial statements will include the results and financial position of its Turkish subsidiary, restated in terms of the measuring unit current at the period end date.

The Company applied the consumer price index ("CPI") annual inflation rates published by the Turkish Statistical Institute. The indices used are found in the tables below. Average cumulative annual inflation rates were used for 2018 to 2024. Inflation for items purchased in 2018 is greater than those in 2025 due to the cumulative effect of inflation over the additional years. In 2025, monthly inflation rates were used as follows:

Year Purchased	Cumulative Average Annual CPI
2018	303.73
2019	254.59
2020	215.69
2021	163.90
2022	53.44
2023	64.49
2024	39.76

Month	Monthly CPI 2025
January	5.03
February	2.27
March	2.46
April	3.00
May	1.53
June	1.37

Non-monetary items are carried at cost or cost less depreciation. The Company's subsidiary in Türkiye has applied to its historical cost and accumulated depreciation the change in a general price index from the date of acquisition to the end of the reporting period. Monetary items and non-monetary items held at current cost were not restated, as they are considered to be expressed in terms of the measuring unit current at the period end date.

NOTE 5 – Restricted Cash

As at June 30, 2025, the Company's restricted cash of US$23.2 million (December 31, 2024: US$22.8 million) comprised the following:

1) US$22.3 million (December 31, 2024: US$21.7 million) held with Thailand Bank related to a financial security issued in accordance with Thailand's decommissioning regulations and the Thailand Customs department; and
2) US$0.9 million (December 31, 2024: US$1.1 million) related to securing licence deposits with the General Directorate of Mining and Petroleum Affairs of the Republic of Türkiye ("GDMPA") and for letters of credit lodged with the Thailand Customs department.

NOTE 6 – Trade and Other Receivables

In US$'000	Unaudited June 30, 2025	December 31, 2024
Trade receivables	23,288	17,761
Tax receivable	17,938	18,298
Others	2,553	2,378
Total	**43,779**	**38,437**

Trade receivables are normally settled within 30 days terms (2024: 30 days term).

NOTE 7 – Inventories

In US$'000	Unaudited June 30, 2025	December 31, 2024
Crude oil (net of write down to NRV)	44,214	29,454
Spare parts (net of provision for obsolescence)	30,381	29,810
Total	**74,595**	**59,264**

NOTE 8 – Exploration and Evaluation Assets

In US$'000	Total
Balance, January 1, 2025	8,075
Additions	508
Disposal	(32)
Hyperinflation adjustments (Note 4)	427
Effects of movements in exchange rates	(207)
Balance, June 30, 2025	**8,771**

Exploration and evaluation ("E&E") assets consist of the Company's exploration projects which are pending the determination of proved or probable reserves. Additions represent the Company's share of costs incurred on E&E assets during the period.

NOTE 9 – Property, Plant and Equipment

Cost (In US$'000)	Oil and gas properties	Capital work in progress	Other PP&E	Total
Balance, January 1, 2025	517,725	-	61,716	579,441
Additions	69,415	10,163	148	79,726
Disposal	-	-	(110)	(110)
Hyperinflation adjustments	-	-	4,560	4,560
Effects of movements in exchange rates	-	-	42	42
Balance, June 30, 2025	**587,140**	**10,163**	**66,356**	**663,659**
Accumulated depletion and depreciation (In US$'000)				
Balance, January 1, 2025	284,540	-	30,476	315,016
Depreciation expense	76,694	-	4,307	81,001
Disposal	-	-	(110)	(110)
Hyperinflation adjustments	-	-	4,560	4,560
Effects of movements in exchange rates	-	-	33	33
Balance, June 30, 2025	**361,234**	**-**	**39,266**	**400,500**
Net book value (In US$'000)				
Balance, January 1, 2025	233,185	-	31,240	264,425
Balance, June 30, 2025	**225,906**	**10,163**	**27,090**	**263,159**

For the purposes of calculating depletion, oil and gas properties in Thailand include estimated future development costs of US$679 million associated with development of the Company's proved and probable reserves. The depreciation expense includes the depreciation capitalisation of US$5.4 million. Such depreciation is capitalised as cost of crude oil inventories.

NOTE 10 – Right-of-Use Assets and Lease Liabilities

The Company has lease contracts for various items used in its operations, including floating production storage and offloading (FPSO) vessels, floating storage and offloading (FSO) vessels, mobile offshore production unit (MOPU), offices and warehouses. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Lease terms are between 2 and 5 years. (2024: 2 and 5 years)

The estimated useful lives of right of use assets for the current and comparative periods are as follows:

	Useful life
FPSO, FSO and MOPU lease	Unit of production
Buildings (warehouse and office lease)	2-5 years

Right-of-use assets

Set out below are the carrying amounts of right of use assets recognised and the movements during the period:

Cost (In US$'000)	FPSO, FSO and MOPU	Buildings	Total
Balance, January 1, 2025	110,098	2,550	112,648
Additions	35,805	1,096	36,901
Balance, June 30, 2025	**145,903**	**3,646**	**149,549**
Accumulated depletion and depreciation (in US$'000)			
Balance, January 1, 2025	39,662	1,494	41,156
Depreciation expense	15,544	456	16,000
Balance, June 30, 2025	**55,206**	**1,950**	**57,156**
Net book value (In US$'000)			
Balance, January 1, 2025	70,436	1,056	71,492
Balance, June 30, 2025	**90,697**	**1,696**	**92,393**

The depreciation expense includes the depreciation capitalisation of US$1.9 million. Such depreciation is capitalised as cost of crude oil inventories.

Lease liabilities

Set out below are the carrying amounts of the lease liabilities analysed as:

In US$'000	FPSO, FSO and MOPU	Buildings	Total
Current	40,035	614	40,649
Non-current	57,561	1,344	58,905
Balance, June 30, 2025	**97,596**	**1,958**	**99,554**

The discount rate used is 8.8% – 13.0%, reflecting the Company's incremental borrowing rate. The undiscounted lease payments by maturity are as follows:

Lease payment maturity analysis – Contractual undiscounted cash flows (In US$'000)	FPSO, FSO and MOPU	Buildings	Total
Less than one year	44,811	832	45,643
Between 2 and 5 years	68,242	1,610	69,852
As at June 30, 2025	**113,053**	**2,442**	**115,495**

During the six-month period ended June 30, 2025, the financial effect of revising the lease terms to reflect the effect of exercising extension and purchase options was an increase in recognised lease liabilities and right-of-use assets of US$35.8 million.

NOTE 11 – Accounts Payable and Accrued Liabilities

In US$'000	Unaudited June 30, 2025	December 31, 2024
Trade payables	41,133	29,243
Accruals	64,355	67,180
VAT payables	2,779	4,721
SRB payables	-	28,664
Others	1,158	969
Total	**109,425**	**130,777**

Trade payables are normally settled within 30 – 60 days terms (2024: 30 – 60 days term). Management considers that the carrying amount of trade payables approximates their fair value.

NOTE 12 – Incentive Compensation Liability

The Company granted deferred share units ("DSU") to non-executive members of the board. Subject to meeting certain conditions as set out in the DSU plan, the grantee of a DSU is entitled to receive cash settlement of its DSU upon redemption. Cash settlement of DSUs are calculated based on the selected average share price of the Company at the redemption date. The compensation liability was measured at fair value on Level 1 fair value measurement based on the quoted market price available on the stock exchange. The number of outstanding DSU as at June 30, 2025 are as follows:

	Number of DSU
Balance, January 1, 2025	**356,931**
Granted	120,635
Settled	-
Balance, June 30, 2025	**477,566**

NOTE 13 – Decommissioning Obligations

In US$'000	Unaudited June 30, 2025
Balance, January 1, 2025	83,644
Accretion on decommissioning obligations (Note 15)	3,681
Others	22
Balance, June 30, 2025	**87,347**

The Company's decommissioning obligations result from its ownership interest in oil and natural gas assets. The total decommissioning obligation is estimated based on the Company's net ownership interest in all wells, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future years.

NOTE 14 – Share Capital

(a) Authorised

The Company has authorised an unlimited number of common shares and an unlimited number of preferred shares, issuable in series.

(b) Share repurchases

On November 12, 2024, the Company received approval from Toronto Stock Exchange to make a Normal Course Issuer Bid ("NCIB") to purchase up to 7.39 million common shares from November 14, 2024 to November 13, 2025. During the period ended June 30, 2025, the Company purchased and cancelled 1,013,404 common shares (2024: 348,800 common shares) through the NCIB. The shares purchases were recorded at a volume weighted average book value price of CAD2.20 per common share equating to a total of CAD2.9 million. Retained earnings was reduced by CAD6.9 million representing the excess of the purchase price of the common shares over their average carrying value.

Common shares	Number of Shares	Amount (US$'000)
Balance, January 1, 2025	**106,650,213**	**205,952**
Shares issued pursuant to stock options exercises	590,000	660
Shares repurchased under NCIB	(1,013,404)	(1,952)
Balance, June 30, 2025	**106,226,809**	**204,660**

(c) Stock options

Valeura has an option programme that entitles officers, directors, employees and consultants to purchase shares in the Company. Options are granted at the market price of the shares at the date of grant, have a seven-year term and vest over three years.

The number and weighted average exercise prices of share options are as follows:

Stock Options	Number of Options	Weighted average exercise price (CAD)
Balance, January 1, 2025	1,941,664	1.40
Exercised	(590,000)	1.58
Forfeited	(86,666)	1.58
Balance, June 30, 2025	**1,264,998**	**1.60**
Exercisable at June 30, 2025	**1,294,998**	**1.49**

The following table summarises information about the stock options outstanding at June 30, 2025:

Exercise prices (CAD)	Outstanding at June 30, 2025	Weighted average remaining life (years)	Weighted average exercise price (CAD)	Exercisable at June 30, 2025	Weighted average exercise price (CAD)
0.25 - 0.39	30,000	1.7	0.25	30,000	0.25
0.40 - 0.53	150,000	2.7	0.52	150,000	0.52
0.54 - 1.06	100,000	1.5	0.54	100,000	0.54
1.07 - 1.84	484,999	3.7	1.58	484,999	1.58
1.85 - 2.15	99,999	4.8	2.10	50,000	2.10
2.16 - 2.26	150,000	4.8	2.19	100,000	2.19
2.27 - 2.32	250,000	4.6	2.32	166,667	2.32
	1,264,998	**3.8**	**1.60**	**1,081,666**	**1.49**

There were no stock options granted during the period.

(d) Performance share units and restricted share units

The Company has a share-based compensation programme of performance share units (“PSU”) and restricted share units (“RSU”) granted to certain employees of the Company. The vesting of PSU and RSU are subject to vesting date and certain employment conditions. The PSU is also subject to certain performance conditions. The following table summarises information about the PSU and RSU outstanding at June 30, 2025:

	RSU (US$’000)	PSU (US$’000)
Balance outstanding, January 1, 2025	**1,073**	**1,699**
Amortised	758	781
Vested	(675)	(675)
Balance, June 30, 2025	**1,156**	**1,805**

The number of outstanding PSU and RSU as at June 30, 2025 are as follows:

	Number of RSU	Number of PSU
Balance, January 1, 2025	**737,233**	**1,316,913**
Granted	352,571	222,049
Vested	(236,163)	(322,174)
Balance, June 30, 2025	**853,641**	**1,216,788**

NOTE 15 – Finance Costs

	Six months ended	
In US$'000	**Unaudited June 30, 2025**	**Unaudited June 30, 2024**
Accretion on decommissioning obligations (Note 13)	3,681	5,956
Accretion on contingent consideration	-	39
Interest expenses on lease liabilities (Note 10)	3,869	4,194
Others	2,897	3,102
Total	**10,447**	**13,291**

NOTE 16 – Other Income

In US$'000	Six months ended Unaudited June 30, 2025	 Unaudited June 30, 2024
Interest income	2,115	1,390
Reversal of provision	-	1,000
Foreign exchange gain (loss)	2,940	(639)
Others	6,055	1,931
Total	**11,110**	**3,682**

NOTE 17 – Credit Facility

The Company's account performance security guarantee facility ("APSG Facility") with Export Development Canada with a limit of US$4.0 million (2024: US$4.0 million) was renewed to December 31, 2025. 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. As at June 30, 2025, there was approximately US$0.02 million in letters of credit issued under the APSG Facility (December 31, 2024: US$3.0 million).

NOTE 18 – Supplemental Statement of Cash Flow

Accounts payable and accrued liabilities include SRB payables. There are no SRB payables as of June 30, 2025 (2024: US$ 28.7 million).

	Three months ended		Six months ended	
	Unaudited June 30, 2025	Unaudited June 30, 2024	Unaudited June 30, 2025	Unaudited June 30, 2024
Change in non-cash working capital:				
Trade and other receivables	8,714	2,839	(5,300)	21,951
Prepaid expenses and deposits	(8,524)	(802)	(8,212)	2,560
Inventories	(3,443)	(4,214)	(8,188)	1,591
Accounts payable and accrued liabilities	13,491	(5,083)	(18,256)	(24,956)
Total	**10,238**	**(7,260)**	**(39,956)**	**1,146**
Operating	1,154	(6,772)	(47,177)	(739)
Investing[(1)]	9,084	(488)	7,221	1,885
Total	**10,238**	**(7,260)**	**(39,956)**	**1,146**

(1) Accruals of capital expenditure which are development drilling and facility accruals.

NOTE 19 – Earnings per Share

Basic earnings per share are based on net income attributable to the common shareholders and is calculated based upon the weighted average number of common shares outstanding during the periods presented.

	Three months ended		Six months ended	
	Unaudited June 30, 2025	Unaudited June 30, 2024	Unaudited June 30, 2025	Unaudited June 30, 2024
Net income attributable to shareholders of the Company (In US$ ‘000)	5,449	11,309	19,522	30,727
Weighted average number of ordinary shares for the purposes of basic earnings per share (in thousands)	106,258	105,919	106,399	104,574
Earnings for the purposes of basic earnings per share (in US$)	**0.05**	**0.11**	**0.18**	**0.29**
Weighted average number of ordinary shares for the purposes of diluted earnings per share (in thousands)	109,325	109,377	109,466	108,032
Earnings for the purposes of diluted earnings per share (in US$)	**0.05**	**0.10**	**0.18**	**0.28**

NOTE 20 – Financial Risk Management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production, and financing activities such as:

- Credit risk
- Market risk
- Liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. In light of the significant increase in complexity and scope of the business following the Mubadala and Kris Acquisitions, management and the board will continue to reassess the Company's risk management framework and policies to ensure of their appropriateness.

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from oil and natural gas marketers and partners. The maximum exposure to credit risk is as follows:

In US$'000	Unaudited June 30, 2025	December 31, 2024
Trade receivables	23,288	17,761
Others	2,553	2,378
Financial assets included in trade and other receivables	**25,841**	**20,139**
Tax receivable	17,938	18,298
Total trade and other receivables	**43,779**	**38,437**

Trade receivables
The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company's trade receivables balance is primarily attributable to sale of hydrocarbons. The management has assessed there is no exposure on the recovery of such debts, based on its experience of past dealing with these customers.

Trade receivables are non-interest bearing and are generally on 30 days (2024: 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Tax receivable
Included in the carrying amount is an allowance of US$3.3 million (December 31, 2024: US$3.2 million) on withholding tax receivable, which management assessed to be unrecoverable following a tax audit on one of the Company's subsidiaries and management's estimation on probability of being unrecoverable.

Market risk
Market risk is the risk that changes in market conditions, such as commodity prices, foreign exchange rates and interest rates will affect the Company's income or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximising the Company's return.

Foreign currency risk:
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk in changes in foreign exchange rates relates primarily to the Company's operating activities and the Company's net investments in foreign subsidiaries and joint arrangements. The Company's transactions are principally denominated in US$. However, payments to governments such as royalties, taxes and SRB payments, and to local contractors are paid in local currency in Canada, Türkiye and Thailand. The Company incurs foreign currency risk on transactions and balances that are denominated in currencies other than the US$.

Sensitivity analysis
The following table details the sensitivity to a certain percentage increase and decrease in sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their transition at the period end for a certain percentage change in foreign currency rates.

If the relevant foreign currency strengthens by 10% against the functional currency of each entity, the Company's profit for the financial period will increase by:

At June 30, 2025 (In US$'000)	Strengthening	Weakening
Impact to profit or loss		
Thai Baht	2,670	(2,670)
Canadian Dollar	25	(25)
Turkish Lira	2	(2)

Commodity price risk:
The Company has exposure to price risk in its exploration and production of oil business. The Company has not used derivative financial instruments to hedge exposure to oil price fluctuations. The results of operations and cash flows of oil production can vary significantly with fluctuations in the market prices of hydrocarbons. These are affected by factors outside the Company's control, including market forces of supply and demand and regulatory and political actions of governments.

Interest rate risk:
Interest rate risk is the risk that future cash flows or valuations of assets or liabilities will fluctuate as a result of changes in market interest rates. A 1% increase or decrease is used when management assesses changes in interest rate risk internally. No sensitivity analysis is prepared as the Company does not expect any material effect on the Company's profit or loss and equity arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's financial liabilities consist of accounts payable. Accounts payable consists of invoices payable to trade suppliers for field operating activities, capital expenditures and office expenses. The Company processes invoices within a normal payment period. Accounts payable have contractual maturities of less than one year. The Company maintains and monitors a certain level of cash which is used to finance all operating and capital expenditures.

Capital management
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 exploration, development, and acquisition activities while maintaining a strong financial position. As at June 30, 2025, the Company had working capital of US$198.6 million which included cash and cash equivalents and restricted cash of US$219.6 million. Management will continuously monitor and manage the Company's capital and liquidity position in order to assess the requirement for changes to the capital structure to meet the objectives and to maintain flexibility. The Company's overall strategy remains unchanged from 2024.

Fair value of financial assets and liabilities:
The Company's fair value measurements are classified as one of the following levels of the fair value hierarchy:

- Level 1 – inputs represent unadjusted quoted prices in active markets for identical assets and liabilities. An active market is characterised by a high volume of transactions that provides pricing information on an ongoing basis.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These valuations are based on inputs that can be observed or corroborated in the marketplace, such as market interest rates or forecasted commodity prices.
- Level 3 – inputs for the asset or liability are not based on observable market data.

The Company aims to maximise the use of observable inputs when preparing calculations of fair value. Classification of each measurement into the fair value hierarchy is based on the lowest level of input that is significant to the fair value calculation.

The fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to their short terms to maturity. There were no transfers between Level 1 and 2 during the six months ended June 30, 2025 and the full year ended December 31, 2024.

NOTE 21 – Geographic Segmented Information

Information reported to the Company's Chief Executive (the Chief Operating Decision Maker ("CODM")) for the purposes of resource allocation and assessment of segment performance is focused on the category of geography and each type of activity. The Company's CODM monitors the segment performances by type of activity which are producing assets, non-producing assets and corporate business. The current producing assets are ongoing production operations on oil fields in Thailand. The non-producing assets are exploration in Türkiye. The following is an analysis of the Company's revenue and results by reportable segment in 2025 and 2024:

In US$'000	Thailand(1)	Türkiye(2)	Corporate	Total
June 30, 2025				
Revenue and other income	**288,451**	**(36)**	**40**	**288,455**
Expenses				
Operating	82,648	-	-	82,648
Exploration	3,491	-	-	3,491
General and administrative	5,598	237	9,642	15,477
Royalties	33,881	-	-	33,881
Special remuneratory benefit (SRB)	196	-	-	196
Finance costs	7,307	60	3,080	10,447
Depletion and depreciation	89,534	-	216	89,750
Profit (loss) before other items and tax	**65,796**	**(333)**	**(12,898)**	**52,565**
Change in net monetary position due to hyperinflation	-	427	-	427
Profit (loss) for the year before income taxes	**65,796**	**94**	**(12,898)**	**52,992**
Deferred tax recovery	32,097	-	118	32,215
Current tax expense	906	-	349	1,255
Net income (loss)	**32,793**	**94**	**(13,365)**	**19,522**
Non-current assets (3)	**350,087**	**3,431**	**33,141**	**386,659**

(1) The Thailand segment comprises capital work in progress, producing and exploration assets on Jasmine, Manora, Nong Yao and Wassana fields
(2) The Türkiye segment is composed of Banarli and West Thrace which are exploration assets.
(3) Non-current assets consist of restricted cash, property plant and equipment, right-of-use assets and E&E assets.

In US$'000	Thailand[1]	Türkiye[2]	Corporate	Total
June 30, 2024				
Revenue and other income	**316,816**	**(50)**	**284**	**317,050**
Expenses				
Operating	83,482	-	-	83,482
Exploration	2,465	-	-	2,465
General and administrative	5,126	135	9,477	14,738
Royalties	36,586	-	-	36,586
Special remuneratory benefit (SRB)	48	-	-	48
Finance costs	10,133	56	3,102	13,291
Depletion and depreciation	100,334	1	160	100,495
Profit (loss) before other items and tax	**78,642**	**(242)**	**(12,455)**	**65,945**
Change in net monetary position due to hyperinflation	-	548	-	548
Profit (loss) for the year before income taxes	**78,642**	**306**	**(12,455)**	**66,493**
Deferred tax recovery	(20,939)	-	(260)	(21,199)
Tax expense	56,709	-	256	56,965
Net income (loss)	**42,872**	**306**	**(12,451)**	**30,727**
Non-current assets [3]	**341,274**	**2,880**	**26,217**	**370,371**

(1) The Thailand segment comprises capital work in progress, producing and exploration assets on Jasmine, Manora, Nong Yao and Wassana fields
(2) The Türkiye segment is composed of Banarli and West Thrace which are exploration assets
(3) Non-current assets consist of property plant and equipment, right-of-use assets and E&E assets.

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales in the current period (2024: nil).

Information about major customers
Included in revenues arising from producing assets in Thailand are revenues of approximately US$277.3 million which arose from sales to the Company's top two customers. No other single customer contributed 10 per cent or more to the Company's revenue for the six months ended June 30, 2025 and 2024.

NOTE 22 – Commitments

Commitments to supplier contracts

Offshore Production Vessel and rig
Future minimum payments under non-cancellable supplier contracts:

In US$'000	Unaudited June 30, 2025	December 31, 2024
Within one year	73,857	76,238
After one year but within five years	39,483	69,794
Total	**113,340**	**146,032**

Other supplier contracts
Future minimum payments under non-cancellable supplier contracts:

In US$'000	Unaudited June 30, 2025	December 31, 2024
Within one year	23,466	21,872
After one year but within five years	59,926	59,305
Total	**83,392**	**81,177**

Capital Commitment
Future capital commitments for oil and gas properties under development:

In US$'000	Unaudited June 30, 2025	December 31, 2024
Within one year	46,006	-
After one year but within five years	12,704	-
Total	**58,710**	**-**

NOTE 23 – Event After the Reporting Date

On July 25, 2025, the Company has entered into a Farm-in Agreement with PTT Exploration and Production Plc ("PTTEP"), through its subsidiary, PTTEP Energy Development Company Limited to earn a 40% interest in Blocks G1/65 and G3/65 (the "Blocks"), in the offshore Gulf of Thailand (the "Farm-in"). Under the terms of the Farm-in, the Company is entitled to earn a 40% working interest in the Blocks, with PTTEP holding the remaining 60% and continuing to operate. The parties have agreed to a work programme for 2025 that includes drilling four exploration wells (all recently completed) and acquiring just over 1,200 km^2 of new 3D seismic data. To earn its interest, Valeura will pay 40% of actual back costs (US$14.7 million to June 30, 2025). The Blocks are governed by the terms of Production Sharing Contracts ("PSCs") granted by the Thailand Government through the Ministry of Energy. Closing of the Farm-in is subject to the approval of the Government of Thailand.

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