



Q4 2025 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

18 March 2026

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MANAGEMENT'S REPORT

The management of Valeura Energy Inc. is responsible for the preparation of all information included in the consolidated financial statements and Management's Discussion & Analysis ("MD&A"). The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB). Financial information that is presented in the MD&A is consistent with the consolidated financial statements.

In preparation of the consolidated financial statements, estimates are sometimes necessary because a precise determination of certain assets and liabilities is dependent on future events. Management believes such estimates have been based on careful judgements and have been presented fairly in all material respects.

Management maintains appropriate systems of internal control that provide reasonable assurance that transactions are appropriately authorised, assets are safeguarded from loss or unauthorised use and financial records provide reliable and accurate information for the presentation of the consolidated financial statements.

Deloitte & Touche LLP, an independent firm of chartered accountants, was appointed by the shareholders to audit the consolidated financial statements of Valeura Energy Inc. and provide an independent audit opinion. Their report is presented with the consolidated financial statements herein.

The Board of Directors, through its Audit Committee, has reviewed the consolidated financial statements including notes thereto with management. The Audit Committee is composed of independent directors. Valeura Energy Inc.'s Board of Directors has approved the consolidated financial statements based on the recommendation of the Audit Committee.

(signed) Sean Guest

President and CEO

(signed) Yacine Ben-Meriem

CFO

18 March 2026

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Valeura Energy Inc.

Opinion

We have audited the consolidated financial statements of Valeura Energy Inc. (the "Company"), which comprise the consolidated statements of financial position of the Company as at 31 December 2025 and 2024, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows of the Company for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying consolidated financial statements of the Company present fairly, in all material respects, the consolidated financial position of the Company as at 31 December 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
<p>Impairment risk over oil and gas properties</p> <p>As at 31 December 2025, the Company has oil and gas properties (including capital work-in-progress) amounting to US\$235.7 million, which in aggregate approximate 26.6% of the Company's total assets.</p> <p>Management performed impairment assessment by assessing the recoverability of its oil and gas properties based on discounted future cash flows from the respective oil and gas properties as at 31 December 2025. They had also engaged independent qualified persons to estimate, where appropriate, the proved, probable and possible reserves for certain oil and gas properties, including the future net cash flows arising from such. The assessment requires the exercise of significant judgement about and assumptions on, amongst others, the discount rate, oil reserves, expected production volumes and future oil prices, taking into considerations external or internal factors that could indicate an impairment.</p> <p>Based on management's assessment as at 31 December 2025, there was no impairment required as the recoverable amounts of the oil and gas properties are in excess of their carrying amounts.</p> <p>The Company has made disclosures on the above judgement and estimates in Note 2, and further disclosures in Note 9 to the consolidated financial statements.</p>	<p>We have performed, amongst others, the following key audit procedures:</p> <ul style="list-style-type: none"> • Assessed the design and determined the implementation of management's relevant controls with respect to the assessment of the recoverability of its oil and gas properties in accordance with IFRS Accounting Standards; • Reviewed the reserve reports prepared by independent qualified persons relating to the Company's estimated oil reserves, including involvement of an internal reserve specialist as part of our engagement team to discuss with management's experts and challenge, where appropriate, the key assumptions and methodology used by management's experts to estimate the reserves; • Assessed the objectivity, competency and experience of the independent qualified persons who prepared the reserve reports; • Reviewed management's discounted cash flow calculations and assumptions used to assess the value-in-use of the respective oil and gas properties, including reviewing the accuracy of the data used by management in the cash flow model; • Checked management's budget and plan for the assets, including the funding options for future capital expenditures; • Reviewed the appropriateness of the oil price assumptions used in the cash flow model against external data; and • Involved our valuation specialists in challenging management's assumptions on key data used in their computation of the discount rate(s). <p>We have further assessed the adequacy of the Company's disclosures that have been set out in Note 9 to the consolidated financial statements.</p>

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with Canadian GAAS, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Yang Chi Chih.

Public Accountants and
Chartered Accountants
Singapore

18 March 2026

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>In US\$'000</i>	<i>Note</i>	31 December 2025	31 December 2024
ASSETS			
Current assets			
Cash and cash equivalents		282,739	236,543
Restricted cash	5	8	1,093
Trade and other receivables	6	28,537	38,437
Inventories	7	59,939	59,264
Prepaid expenses and deposits		11,030	5,574
Total current assets		382,253	340,911
Non-current assets			
Restricted cash	5	22,991	21,718
Deposit	25	1,850	-
Exploration and evaluation assets	8	9,026	8,075
Property, plant and equipment	9	259,977	264,425
Right-of-use assets	10	91,349	71,492
Deferred tax assets	15	118,337	150,689
Total non-current assets		503,530	516,399
TOTAL ASSETS		885,783	857,310
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	11	140,091	130,777
Current portion of lease liabilities	10	36,949	28,746
Incentive compensation liability	12	2,847	1,799
Income tax payable		808	24,318
Total current liabilities		180,695	185,640
Non-current liabilities			
Lease liabilities	10	55,555	45,727
Decommissioning obligations	13	85,347	83,644
Provision for employee benefits	14	12,176	9,351
Deferred tax liability	15	9,214	4,665
Total non-current liabilities		162,292	143,387
Equity			
Share capital	16	203,311	205,952
Contributed surplus		26,158	25,182
Accumulated other comprehensive income		9,959	10,830
Retained earnings		303,368	286,319
Total equity		542,796	528,283
TOTAL LIABILITIES AND EQUITY		885,783	857,310

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<i>In US\$'000</i>	<i>Note</i>	<i>For the year ended</i>	
		31 December 2025	31 December 2024
Revenue and other income			
Oil revenues		594,372	678,794
Other income	19	18,102	10,198
		612,474	688,992
Expenses			
Operating		191,708	186,407
Exploration		3,831	3,092
General and administrative	17	35,819	31,634
Royalties		72,867	81,723
Special remuneratory benefit (SRB)		19,805	29,221
Finance costs	18	21,718	28,447
Depletion and depreciation	9, 10	205,465	197,604
		551,213	558,128
Profit for the year before other items		61,261	130,864
Change in net monetary position due to hyperinflation	4	777	987
Profit for the year before income taxes		62,038	131,851
Income taxes			
Deferred tax expense (recovery)	15	36,901	(177,210)
Current tax expense	15	2,366	68,264
Net income		22,771	240,797
Net income attributable to:			
Shareholders of Valeura Energy Inc.		22,771	240,797
Net income		22,771	240,797
Other comprehensive (loss) income			
Currency translation adjustments		(361)	(308)
Actuarial (loss) gain	14	(510)	745
Total comprehensive income		21,900	241,234
Total comprehensive income attributable to:			
Shareholders of Valeura Energy Inc.		21,900	241,234
Total comprehensive income		21,900	241,234
Earnings per share			
<i>Basic</i>	22	0.21	2.28
<i>Diluted</i>	22	0.21	2.21

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

In US\$'000	Note	For the year ended	
		31 December 2025	31 December 2024
Operating activities			
Profit for the year before income taxes		62,038	131,851
Adjustments for:			
Depletion and depreciation	9, 10	205,465	197,604
Share-based compensation		5,503	3,061
Finance costs	18	21,718	28,447
Change in estimate on decommissioning liabilities		-	12
Reversal of inventory write down to net realisable value	7	-	(7,126)
Net change in estimate on contingent consideration		-	(793)
Provision for employee benefits	14	1,679	1,671
Provision for (reversal of) inventory obsolescence		549	(662)
Loss allowance for tax receivable		(228)	(673)
Change in net monetary position due to hyperinflation	4	(777)	(987)
Unrealised foreign exchange gain		(5,098)	(2,863)
Operating cashflows before movements in working capital		290,849	349,542
Change in non-cash working capital	21	10,707	60,712
Cash generated by operations		301,556	410,254
Income taxes paid		(25,685)	(99,075)
Decommissioning cost credited (paid)	13	24	(43)
Change in restricted cash	5	(188)	(5,512)
Net cash from operating activities		275,707	305,624
Investing activities			
Property, plant and equipment expenditures		(183,737)	(155,677)
Exploration and evaluation expenditures	8	(526)	(4,910)
Long term deposit		(1,850)	-
Payments on contingent considerations		-	(7,000)
Change in non-cash working capital	21	3,340	6,018
Net cash used in investing activities		(182,773)	(161,569)
Financing activities			
Principal payments on lease liabilities		(32,738)	(33,063)
Payments on financing fee	18	(6,273)	(8,220)
Payments for share repurchase	16	(9,135)	(1,481)
Payments for vested PSU/RSUs		(3,361)	-
Payments for surrendered stock options		(782)	-
Proceeds from stock option exercises		389	1,626
Net cash used in financing activities		(51,900)	(41,138)
Foreign exchange gain (loss) on cash held in foreign currencies		5,162	(240)
Net change in cash and cash equivalents		46,196	102,677
Cash and cash equivalents, beginning of the year		236,543	133,866
Cash and cash equivalents, end of the year		282,739	236,543

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	<i>Number of common shares (Share '000)</i>	<i>Share Capital (US\$'000)</i>	<i>Contributed Surplus (US\$'000)</i>	<i>Accumulated Other Comp. Income (US\$'000)</i>	<i>Retained Earnings (US\$'000)</i>	<i>Total Shareholders' Equity (US\$'000)</i>
Balance, 1 January 2025	106,650	\$ 205,952	\$ 25,182	\$ 10,830	\$ 286,319	\$ 528,283
Net income for the year	-	-	-	-	22,771	22,771
Shares issued	660	772	(383)	-	-	389
Currency translation adjustments	-	-	-	(361)	-	(361)
Actuarial loss	-	-	-	(510)	-	(510)
Share repurchased under normal course issuer bid	(1,772)	(3,413)	-	-	(5,722)	(9,135)
Share-based compensation	-	-	1,359	-	-	1,359
Balance, 31 December 2025	105,538	\$ 203,311	\$ 26,158	\$ 9,959	\$ 303,368	542,796

	<i>Number of common shares (Share '000)</i>	<i>Share Capital (US\$'000)</i>	<i>Contributed Surplus (US\$'000)</i>	<i>Accumulated Other Comp. Income (US\$'000)</i>	<i>Retained Earnings (US\$'000)</i>	<i>Total Shareholders' Equity (US\$'000)</i>
Balance, 1 January 2024	102,955	\$ 203,127	\$ 24,328	\$ 10,393	\$ 46,330	\$ 284,178
Net income for the year	-	-	-	-	240,797	240,797
Shares issued	4,044	3,499	(1,873)	-	-	1,626
Currency translation adjustments	-	-	-	(308)	-	(308)
Actuarial gain	-	-	-	745	-	745
Share repurchased under normal course issuer bid	(349)	(674)	-	-	(808)	(1,482)
Share-based compensation	-	-	2,727	-	-	2,727
Balance, 31 December 2024	106,650	\$ 205,952	\$ 25,182	\$ 10,830	\$ 286,319	\$ 528,283

See accompanying notes to the consolidated financial statements.

NOTES TO THE 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 onshore natural gas in 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, #09-31, Singapore 238164. Valeura's registered and records office is 4600, 525 – 8th Avenue SW, Calgary, Alberta, T2P 1G1.

The Board of Directors approved the consolidated financial statements for issuance on 18 March 2026.

NOTE 2 – BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) as at and for the years ended 31 December 2025 and 2024 and have been prepared in accordance with the accounting policies and methods of computation as set forth in Note 3 below.

Basis of Measurement

The 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 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 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.

Use of Estimates and Judgements

The preparation of 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. While the Company uses its best estimates and judgement, actual results could 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.

Critical judgements in applying accounting policies:

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Company have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

- (i) Key assumptions in the impairment models relate to prices and costs that are based on forward curves and the long-term corporate assumptions. Annual impairment tests are performed in conjunction with the annual reserves certification process. The impairment test requires the use of estimates and judgements. For the purpose of determining a potential impairment, the significant assumptions and judgements developed by management used to determine the recoverable amount include the proved and probable oil and gas reserves, expected production volumes, future oil and gas prices, future development costs, future production costs and the discount rate. These assumptions and judgements of management that are based on them are subject to change as new information becomes available. Changes in economic conditions can also affect the rate used to discount future cash flow estimates and the discount rate applied is reviewed at the end of the year.

Key sources of estimation uncertainty:

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

- (i) Oil and gas properties are depreciated on a unit of production basis at a rate calculated by reference to proved and probable oil and gas reserves determined, at least annually by independent third-party reserves evaluators, in accordance with National Instrument 51-101 "Standards of Disclosure for Oil and Gas Activities" and incorporating the estimated future cost of developing and extracting those reserves. During the year, management engaged independent third-party reserves evaluators to prepare a reserves report. Proved and probable reserves are determined using estimates of oil and natural gas in place, recovery factors and forecasted oil and gas commodity prices. Forecasted future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs.
- (ii) Depletion of oil and gas properties is provided using the unit-of-production method and is based on production volumes in relation to total estimated proved and probable reserves as determined by the Company's independent third-party reserves evaluators for the year. Calculations for depletion are based on total capitalised costs plus estimated future development costs of proved and probable reserves.

- (iii) Management's assumptions and estimates of future cash flows used in the Company's impairment assessment of assets are based on an assessment of the assets' ability to generate independent cash inflows. The assets are subject to risk and uncertainties, particularly in market conditions where higher volatility exists, and may be partially or totally outside of the Company's control. If an indication of impairment exists, or if an exploration and evaluation asset is determined to not be technically feasible and commercially viable, an estimate of the asset recoverable amount is calculated. The recoverable amount is based on the higher of fair value less costs of disposal and value in use, using a discounted cash flow methodology.

The impairment analysis and calculations require the use of estimates and assumptions, such as long-term commodity prices, discount rates, future capital expenditures, exploration potential and operating costs. The fair value of the asset is generally determined as the present value of estimated future cash flows arising from the continued use of the assets comprising the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks to the asset. The carrying amounts of oil and gas properties is disclosed in Note 9 to the financial statements.

- (iv) The Company estimates the decommissioning obligations for oil and natural gas wells and their associated production facilities and pipelines. In most instances, removal of assets and remediation occurs many years into the future. Amounts recorded for the decommissioning obligations and related accretion expense require assumptions regarding removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating cost, inflation estimates, future removal technologies in determining the removal cost, and the estimate of the liability specific discount rates to determine the present value of these cash flows. The carrying amounts of the Company's decommissioning obligations is disclosed in Note 13 to the financial statements.
- (v) The determination of the Company's provision for employee benefits depends on certain assumptions, which include selection of the discount rate. The discount rate is set by reference to zero coupon yield rate of government bond in Thailand from the Thai Bond Market Association. The assumption is considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Company's financial statements within the next year. Further information on the carrying amounts of the Company's provision for employee benefits and the sensitivity of those amounts to changes in discount rate are provided in Note 14.
- (vi) The Company accounts for differences that arise between the carrying amount of assets and liabilities and their tax bases in accordance with IAS 12 *Income Taxes*, which requires deferred income tax assets only to be recognised to the extent that is probable that future taxable profits will be available against which the temporary differences can be utilised. Management estimates future taxable profits based on the financial models used to value its oil and gas properties. Any change to the estimates and assumptions used for the key operational and financial variables used within the business models could affect the amount of deferred income tax assets recognised. The effects of changes in estimates do not give rise to prior year adjustments and are treated prospectively over the estimated remaining commercial reserves of each field.

Going Concern

The Company's consolidated financial statements for the year ended 31 December 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.

New and Revised IFRS Accounting Standards that are Effective for the Current Year

In the current year, the Company has applied all the new and revised Accounting Standards that are mandatorily effective for an accounting period that begins on or after 1 January 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New and Revised IFRS Accounting Standards Issued but Not Yet Effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective and had not yet been adopted by the Company:

- Amendments to IFRS 9 and IFRS 7—*Amendments to the Classification and Measurement of Financial Instruments*
- Annual Improvements to IFRS Accounting Standards—Volume 11
- IFRS 18 *Presentation and Disclosures in Financial Statements*

Management does not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods, except if indicated below.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 *Earnings per Share*. IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

Accordingly, management anticipates the initial application of the new IFRS 18 will result in changes to the structure of the Company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. Management is still assessing the possible impact of implementing IFRS 18. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Company's financial statements in the initial application period. Management does not plan to early adopt the new IFRS 18.

NOTE 3 – MATERIAL ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiaries:

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to 31 December each year. 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
- 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
- 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.

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 consolidated financial statements.

(b) 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
- 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:

<i>Name of the Joint Arrangement</i>	<i>Key Fields</i>	<i>Nature of the Relationship with the Joint Arrangement</i>	<i>Principal Place of Operation of Joint Arrangement</i>	<i>Thai Fiscal Regime</i>	<i>Working Interests</i>
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%
Banarli Deep JV⁽⁵⁾	-	Operator	Türkiye	N/A	100%

(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 Valeura Energy Jasmine Ltd.

(3) The Company's interest in the G1/48 Concession is held by 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 27 June 2026, and the Company has engaged in discussions with the government in relation to another two-year Appraisal Period extension thereafter.

On 15 October 2025, the Company, together with its partner, Pinnacle Turkey, Inc ("Pinnacle"), has entered into a joint venture agreement with a subsidiary of Transatlantic Petroleum LLC ("Transatlantic") to explore for and develop hydrocarbons in the deep rights formations of the Thrace basin of northwest Türkiye (the "Joint Venture"). The Joint Venture provides an opportunity for Transatlantic to earn a 50% undivided working interest in the deep rights held by the Company and Pinnacle through two separate licences, West Thrace Deep and Barnali Deep. Under the terms of the Joint Venture, Transatlantic has agreed to undertake a re-entry of the exploration well, which the Company had previously drilled, including hydraulic stimulation and testing of shallower zones in West Thrace Deep and drill a well down to at least 4,000 metres on portions of the lands in the Barnali Deep. If the results constitute a commercial discovery, Transatlantic shall earn a 50% proportionate share of working interests of West Thrace Deep held by Valeura (currently 63%) and Pinnacle (currently 37%), and Barnali Deep held by Valeura (currently 100%). Transatlantic will serve as contract operator for the venture, with the Company remaining the operator of record designated with the Government of Türkiye. Refer to Note 26 for developments subsequent to the year end.

On 1 November 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 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 fair value through profit or loss ("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 consist of the Company's unsold Thailand crude oil and spare parts. Inventories are stated 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. NRV 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 inventory. The Company assesses the NRV 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 NRV because of changed economic circumstances, the amount of the write-down is reversed.

Spare parts are stated 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 production assets, are measured at cost less accumulated depletion and depreciation and accumulated impairment losses. Development and production assets are grouped into cash-generating units ("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 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

Capital work-in-progress comprises costs incurred in the construction of property, plant and equipment, including development assets related to oil and gas projects, up to the date of completion and commissioning of the asset. Such costs are transferred from capital work-in-progress to the appropriate 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

Oil and gas properties, floating storage and offloading ("FSO") vessels and mobile offshore production unit ("MOPU") are classified within property, plant and equipment. The net carrying value of oil and gas properties 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, 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. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The expected credit losses 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.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

(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.
- 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.
- 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.

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% to 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 as disclosed in Note 14.

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" as disclosed in Note 14.

(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 or 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 Thailand 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) US\$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.

<i>Rated Annual Income Per One Meter of Well</i>	<i>SRB</i>
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). 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

(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 currencies of the Company's operational entities are the United States Dollar ("US\$"), the Canadian Dollar ("CAD") and the Turkish Lira ("TRY"). The consolidated financial statements are presented in US\$ 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 4. 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 3-year inflation had exceeded 100 percent which continued throughout the year 2024 and 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 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 2025. 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:

<i>Year Purchased</i>	<i>Cumulative Average Annual CPI</i>
2018	303.73
2019	254.59
2020	215.69
2021	163.90
2022	53.44
2023	64.49
2024	60.04
2025	35.18

<i>Month</i>	<i>Monthly CPI 2025</i>
January	5.03
February	2.27
March	2.46
April	3.00
May	1.53
June	1.37
July	2.06
August	2.04
September	3.23
October	2.55
November	0.87
December	0.89

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 31 December 2025, the Company's restricted cash of US\$23.0 million (2024: US\$22.8 million) comprised the following:

- 1) US\$8,000 (2024: US\$1,093,000) related to securing licence deposits with the General Directorate of Mining and Petroleum Affairs of the Republic of Türkiye ("GDMPA"); and
- 2) US\$22,991,000 (2024: US\$21,718,000) held with Thailand Bank related to securing a financial security issued in accordance with Thailand decommissioning regulation and the Thailand Customs department, which is classified as a non-current asset as it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

NOTE 6 – TRADE AND OTHER RECEIVABLES

<i>In US\$'000</i>	31 December 2025	31 December 2024
Trade receivables	8,849	17,761
Tax receivables	18,382	18,298
Others	1,306	2,378
Total	28,537	38,437

As at 1 January 2024, trade receivables from contracts with customers amounted to US\$49.5 million. Trade receivables are normally settled within 30 days terms (2024: 30 days term).

NOTE 7 - INVENTORIES

<i>In US\$'000</i>	31 December 2025	31 December 2024
Crude oil	29,303	29,454
Spare parts (net of provision for obsolescence)	30,636	29,810
Total	59,939	59,264

The cost of spare parts recognised as an expense during the year was US\$34.7 million (2024: US\$45.0 million). For the cost of crude oil, the Company recognised as an expense during the year of US\$392.4 million (2024: US\$382.0 million).

There is no cost of crude inventories recognised as an expense in respect of write-downs of crude inventory to net realisable value (2024: nil). None of the inventories are expected to be recovered after more than 12 months.

Movement in provision for obsolescence of spare parts is as follows:

<i>In US\$'000</i>	2025	2024
Balance at beginning of the year	8,218	5,734
Allowance during the year	761	3,263
Write-off during the year	(212)	(779)
Balance at end of the year	8,767	8,218

NOTE 8 – EXPLORATION AND EVALUATION ASSETS

<i>In US\$'000</i>	Total
Balance, 1 January 2024	2,379
Additions	4,910
Hyperinflation adjustments (Note 4)	987
Effects of movements in exchange rates	(201)
Balance, 31 December 2024	8,075
Additions	526
Hyperinflation adjustments (Note 4)	777
Effects of movements in exchange rates	(352)
Balance, 31 December 2025	9,026

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

<i>Cost (In US\$'000)</i>	Oil and gas properties	Capital work-in-progress	Other PP&E	Total
Balance, 1 January 2024	439,428	-	34,247	473,675
Additions	136,001	-	22,678	158,679
Disposal	-	-	(965)	(965)
Change in decommissioning obligations	(57,704)	-	-	(57,704)
Hyperinflation adjustment (Note 4)	-	-	5,826	5,826
Effects of movements in exchange rates	-	-	(70)	(70)
Balance, 31 December 2024	517,725	-	61,716	579,441
Additions	139,024	43,485	1,228	183,737
Disposal	-	-	(476)	(476)
Change in decommissioning obligations	(5,683)	-	-	(5,683)
Hyperinflation adjustment (Note 4)	-	-	4,522	4,522
Effects of movements in exchange rates	-	-	177	177
Balance, 31 December 2025	651,066	43,485	67,167	761,718

<i>Accumulated depletion and depreciation (In US\$'000)</i>	Oil and gas properties	Capital work-in-progress	Other PP&E	Total
Balance, 1 January 2024	129,341	-	17,765	147,106
Depreciation expense	155,199	-	7,877	163,076
Disposal	-	-	(965)	(965)
Hyperinflation adjustment (Note 4)	-	-	5,826	5,826
Effects of movements in exchange rates	-	-	(27)	(27)
Balance, 31 December 2024	284,540	-	30,476	315,016
Depreciation expense	174,274	-	8,469	182,743
Disposal	-	-	(476)	(476)
Hyperinflation adjustment (Note 4)	-	-	4,522	4,522
Effects of movements in exchange rates	-	-	(64)	(64)
Balance, 31 December 2025	458,814	-	42,927	501,741

Net book value (In US\$'000)				Total
Balance, 31 December 2024	233,185	-	31,240	264,425
Balance, 31 December 2025	192,252	43,485	24,240	259,977

For the purposes of calculating depletion, oil and gas properties in Thailand include estimated future development costs of US\$907.0 million (2024: US\$679.0 million) associated with development of the Company's proved and probable reserves. The depreciation expense includes the capitalisation of US\$0.7 million (2024: reversal of US\$1.7 million). Such depreciation is capitalised as cost of crude oil inventory.

The Company conducted impairment testing with respect to the Company's oil and gas properties as at 31 December 2025. The recoverable amounts of the assets were estimated based on their value in use, which was determined by discounting the future cash flows from the continuing use of the assets. The cash flows were projected for each field based on the projected production plan of the fields' proved and probable (2P) reserves. A discount rate of 10.0% (2024: 10.0%) was applied in determining the recoverable amount of the assets. As at 31 December 2025, no impairment of the oil and gas properties was required (2024: no impairment). Sensitivity analysis has been conducted on the discount rate assumption, with a 1.0% change being considered a reasonable possible change for the purposes of sensitivity analysis. A 1.0% increase in discount rate would decrease recoverable amounts of the assets by US\$24.5 million, while a 1% reduction in discount rate would increase recoverable amounts of the assets by US\$25.6 million. No impairment loss would be required even with increase of 1.0% in discount rate.

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 to 7 years (2024: 2 to 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	2-7 years
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, 1 January 2024	93,525	2,550	96,075
Additions	44,685	-	44,685
Derecognition from purchase option exercised	(28,112)	-	(28,112)
Balance, 31 December 2024	110,098	2,550	112,648
Additions	40,995	1,691	42,686
Balance, 31 December 2025	151,093	4,241	155,334
Accumulated depletion and depreciation (in US\$'000)			
Balance, 1 January 2024	13,691	573	14,264
Depreciation expense	32,080	921	33,001
Derecognition from purchase option exercised	(6,109)	-	(6,109)
Balance, 31 December 2024	39,662	1,494	41,156
Depreciation expense	22,094	735	22,829
Balance, 31 December 2025	61,756	2,229	63,985
Net book value (In US\$'000)			
Balance, 31 December 2024	70,436	1,056	71,492
Balance, 31 December 2025	89,337	2,012	91,349

The depreciation expense includes the reversal of US\$0.6 million (2024: capitalisation of US\$0.2 million). Such depreciation is capitalised as cost of crude oil inventory.

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	36,310	639	36,949
Non-current	54,049	1,506	55,555
Balance, 31 December 2025	90,359	2,145	92,504

The discount rate used is 8.8% to 13.0% (2024: 8.8% to 13.0%), reflecting the Company's incremental borrowing rate.

The undiscounted lease payments by maturity are as follows:

<i>Lease payment maturity analysis – Contractual undiscounted cash flows (In US\$'000)</i>	<i>FPSO, FSO and MOPU</i>	<i>Buildings</i>	<i>Total</i>
Less than one year	39,766	831	40,597
Between 2 and 5 years	58,876	1,720	60,596
More than 5 years	3,710	-	3,710
Total	102,352	2,551	104,903

During the year, 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\$42.7 million (2024: US\$44.7 million). This includes exercising the option to acquire the Manora Princess FSO System. The exercise price of the purchase option was accounted for as part of the Company's lease liabilities at 31 December 2025. Refer to Note 26 for developments subsequent to the year end.

The total cash outflow for leases (including short-term leases and leases of low value assets) amount to US\$32.8 million (2024: US\$33.1 million).

NOTE 11– ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

<i>In US\$'000</i>	<i>31 December 2025</i>	<i>31 December 2024</i>
Trade payables	39,536	29,243
Accruals	73,663	67,180
VAT payables	4,890	4,721
SRB payables	20,010	28,664
Others	1,992	969
Total	140,091	130,777

Trade payables are normally settled within 30 to 60 days (2024: 30 to 60 days). 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 each reporting period, are as follows:

	<i>Number of DSU</i>
Balance at 1 January 2024	208,391
Granted	159,258
Settled	(10,718)
Balance at 31 December 2024	356,931
Granted	120,635
Settled	-
Balance at 31 December 2025	477,566

NOTE 13 – DECOMMISSIONING OBLIGATIONS

<i>In US\$'000</i>	2025	2024
Balance at beginning of the year	83,644	129,464
Change in estimates	(5,683)	(57,691)
Accretion on decommissioning obligations (Note 18)	7,362	11,914
Others	24	(43)
Balance at end of the year	85,347	83,644

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. The assumptions of decommissioning obligations are summarised as follows:

	31 December 2025	31 December 2024
Nominal undiscounted cash flows (in US\$'000)	\$ 186,283	\$ 192,391
Credit adjusted interest rate	8.8%	8.8%
Inflation rate	2.0%	2.0%
Timing of cash flows	2 - 15 years	4 - 18 years

NOTE 14 – PROVISION FOR EMPLOYEE BENEFITS

Provision for employee benefits is as follows:

<i>In US\$'000</i>	31 December 2025	31 December 2024
Statement of financial position		
Retirement benefits	11,312	8,721
Other long-term benefits	864	630
Total	12,176	9,351

<i>In US\$'000</i>	2025	2024
Statement of profit or loss		
Retirement benefits	1,580	1,637
Other long-term benefits	99	34
Total	1,679	1,671

The movement of provision for employee benefits during the year are as follows:

<i>In US\$'000</i>	2025	2024
Balance at beginning of the year	9,351	9,319
Current service cost	1,471	1,365
Past service cost	-	219
Interest expense	208	87
Loss (Gain) from change in actuarial assumptions	510	(745)
Benefit paid	(91)	(1,007)
Foreign exchange difference	727	113
Balance at end of the year	12,176	9,351

Loss (gain) from change in actuarial assumptions recognised in other comprehensive income is as follows:

<i>In US\$'000</i>	2025	2024
Change in financial assumptions	1,210	576
Experience adjustment	(700)	(1,321)
Total	510	(745)

The significant actuarial assumptions used were as follows:

	% per annum	
	2025	2024
Discount rate	1.77	2.26
Salary increment rate	2.0 – 3.5	1.5 – 2.5
Turnover rate	0.0 – 7.0	0.0 – 7.0

Sensitivity analysis for each significant assumption used is as follows:

	Impact on defined retirement benefit			
	Increase 1%		Decrease 1%	
	2025	2024	2025	2024
Discount rate	(1,084)	(675)	1,241	758
Salary increment rate	1,166	728	(1,029)	(660)
Turnover rate	(1,121)	(699)	437	351

Maturity analysis of undiscounted benefit payments are as follows:

<i>In US\$'000</i>	31 December 2025	31 December 2024
Not later than 1 year	1,227	732
Over 1 to 5 years	3,479	2,295
Over 5 to 10 years	7,205	11,267
Over than 10 years	24,737	9,567

NOTE 15 – INCOME TAXES

Income taxes recognised in statement of profit or loss and other comprehensive income comprised of the following:

<i>In US\$'000</i>	2025	2024
Current tax:		
Current tax expense	1,976	54,776
Prior year tax adjustment	390	13,488
Current tax expenses for the year ended 31 December	2,366	68,264
Deferred tax:		
Relating to origination and reversal of temporary differences	36,901	(177,210)
Deferred tax expenses (recovery) for the year ended 31 December	36,901	(177,210)
Income taxes balance for the year ended 31 December	39,267	(108,946)

The charge for the year can be reconciled to the profit before income tax as follows:

<i>In US\$'000</i>	2025	2024
Profit before income taxes	62,038	131,851
Average effective tax rate	39.2%	47.4%
Income tax expense calculated at average effective tax rate	24,319	62,497
Non-deductible expenses	23,856	32,651
Tax credit ⁽¹⁾	(12,204)	(28,099)
Change in unrecognised deferred tax assets	181	(188,627)
Prior year tax adjustment	390	13,488
Non-taxable items and other	2,725	(856)
Income tax expense (recovery) recognised in profit or loss	39,267	(108,946)

(1) Under the Thai I fiscal regime (which applies to the B5/27 concession), royalties relating to crude oil sold domestically in Thailand are creditable for income tax purposes, and accordingly are identified here as a tax credit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

<i>In US\$'000</i>	31 December 2025	31 December 2024
Deferred tax liabilities	72,025	71,235
Deferred tax assets	181,148	217,259
Total	109,123	146,024

Movement of deferred tax liabilities during the current and prior reporting period is as follow:

<i>In US\$'000</i>	31 December 2025	31 December 2024
Balance at beginning of the year	4,665	31,186
Charge/(Credit) to profit or loss	4,549	(26,521)
Balance at end of the year	9,214	4,665

Movement of deferred tax assets during the current and prior reporting period is as follow:

<i>In US\$'000</i>	31 December 2025	31 December 2024
Balance at beginning of the year	150,689	-
(Charge)/Credit to profit or loss	(32,352)	150,689
Balance at end of the year	118,337	150,689

The Company recognised deferred taxes on temporary differences arising from accelerated tax depreciation, right-of-use assets, provisions and other liabilities and unused tax losses.

At 31 December 2024, following the completion of an internal restructuring of its subsidiaries in Thailand, the Company's unused tax losses available for offset against future profits included US\$373.2 million, subject to final approval from the tax authorities. In determining the deferred tax asset to be recognised, the Company assessed the probability of utilising the benefits on these tax losses by considering the future profits that are expected to be generated from the oil and gas properties held by the subsidiary.

No deferred tax asset has been recognised in respect of tax losses of US\$119.3 million (2024: US\$122.7 million) as it is not considered probable that there will be future taxable profits available. The unrecognised tax losses will expire between 2026 to 2046.

NOTE 16 – 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

The Company had initially received approval from Toronto Stock Exchange (“TSX”) to make a Normal Course Issuer Bid (“NCIB”) to purchase up to 7.39 million common shares from 14 November 2024 to 13 November 2025.

On 18 November 2025, the Company received approval from TSX to make a new NCIB commencing on 20 November 2025 to 19 November 2026. Under this NCIB, the Company may purchase up to 6.3 million common shares.

For the year ended 31 December 2025, the Company purchased and cancelled 1,771,804 common shares (2024: 348,800 common shares) through the NCIB. From the initial NCIB to the reporting date, the shares purchases were recorded at a volume weighted average book value price of US\$1.93 per common share (CAD2.11) equating to a total of US\$4.1 million (CAD4.4 million). Retained earnings was reduced by US\$6.6 million (CAD10.6 million) representing the excess of the purchase price of the common shares over their average carrying value.

<i>Common shares</i>	<i>Number of Shares</i>	<i>Amount (US\$'000)</i>
Balance, 1 January 2024	102,954,826	203,127
Shares issued pursuant to stock options exercises	3,973,942	3,387
Shares issued pursuant to vested RSU	70,245	112
Shares repurchased under NCIB	(348,800)	(674)
Balance, 31 December 2024	106,650,213	205,952
Shares issued pursuant to stock options exercises	590,000	660
Shares issued pursuant to vested RSU	70,245	112
Shares repurchased under NCIB	(1,771,804)	(3,413)
Balance, 31 December 2025	105,538,654	203,311

(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 stock options are as follows:

<i>Stock Options</i>	<i>Number of Options</i>	<i>Weighted average exercise price (CAD)</i>
Balance, 1 January 2024	6,038,164	0.92
Exercised	(3,973,942)	0.71
Forfeited	(122,558)	0.46
Balance, 31 December 2024	1,941,664	1.40
Exercised	(590,000)	0.94
Forfeited	(176,666)	1.58
Balance, 31 December 2025	1,174,998	1.60
Exercisable at 31 December 2025	991,666	1.49

The following table summarises information about the stock options outstanding at 31 December 2025:

<i>Exercise prices (CAD)</i>	<i>Outstanding at 31 December 2025</i>	<i>Weighted average remaining life (years)</i>	<i>Weighted average exercise price (CAD)</i>	<i>Exercisable at 31 December 2025</i>	<i>Weighted average exercise price (CAD)</i>
\$0.25 - \$0.39	30,000	1.2	0.25	30,000	0.25
\$0.40 - \$0.53	150,000	2.2	0.52	150,000	0.52
\$0.54 - \$1.06	100,000	1.0	0.54	100,000	0.54
\$1.07 - \$1.84	394,999	3.2	1.58	394,999	1.58
\$1.85 - \$2.15	99,999	4.2	2.10	50,000	2.10
\$2.16 - \$2.26	150,000	4.3	2.19	100,000	2.19
\$2.27 - \$2.32	250,000	4.1	2.32	166,667	2.32
	1,174,998	3.3	1.60	991,666	1.49

There were no stock options granted during the year (2024: nil). The weighted average share price on exercise date is CAD5.08 (2024: CAD5.08). The expected volatility is based on historical volatility.

(d) Performance share units and Restricted share units

The Company has a share-based compensation programme of PSU and 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 reporting date:

	<i>RSU (US\$'000)</i>	<i>PSU (US\$'000)</i>
Balance, 1 January 2024	292	394
Amortised	1,042	1,490
Vested	(261)	(185)
Balance, 31 December 2024	1,073	1,699
Amortised	1,744	1,582
Vested	(787)	(675)
Balance, 31 December 2025	2,030	2,606

The number of outstanding PSU and RSU as at year end are as follows:

	<i>Number of RSU</i>	<i>Number of PSU</i>
Balance, 1 January 2024	532,909	966,524
Granted	373,250	672,563
Vested	(168,926)	(322,174)
Balance, 31 December 2024	737,233	1,316,913
Granted	383,327	245,918
Vested	(306,408)	(322,174)
Balance, 31 December 2025	814,152	1,240,657

The fair value, at the grant date during the year, of the PSU issued was estimated using the Monte Carlo simulation model with the following weighted average inputs:

<i>Assumptions</i>	31 December 2025	31 December 2024
Risk free interest rate (%)	2.5 – 3.3	3.9 – 4.1
Expected life (years)	2.8	3.0
Expected volatility (%)	130 - 155	148 - 150

The fair value of the PSUs granted during the year is CAD1.6 million (2024: CAD4.0 million). The expected volatility is based on historical volatility.

NOTE 17 – GENERAL AND ADMINISTRATIVE

The components of general and administrative expenses are as follows:

<i>In US\$'000</i>	2025	2024
Salaries and benefits ⁽¹⁾	19,596	18,493
Share-based compensation - Stock options ⁽²⁾	164	530
Share-based compensation - PSU ⁽²⁾	2,848	2,605
Share-based compensation - RSU ⁽²⁾	2,490	1,290
Share-based compensation - DSU	940	1,501
Others ⁽³⁾	9,781	7,215
Total	35,819	31,634

(1) Includes salaries, benefits, and bonuses earned by all directors, officers and employees of the Company.

(2) Represents the amortisation of share-based compensation expense in the year associated with stock options, PSU, and RSU granted to executive officers, directors and certain employees.

(3) Includes costs such as rent, professional fees, insurance, travel, office, business development, and other business expenses incurred by the Company.

Compensation for executive officers and directors comprises the following:

<i>In US\$'000</i>	2025	2024
Salaries and benefits ⁽¹⁾	5,848	6,215
Stock options ⁽²⁾	89	286
DSU	940	1,501
PSU ⁽²⁾	2,778	2,575
RSU ⁽²⁾	1,512	999
Executive officers and directors compensation	11,167	11,576

(1) Includes salaries, benefits and bonuses earned by executive officers, and directors, comprising chairman of the board, chief executive officer, chief financial officer, chief operating officer, executive vice president, and other independent directors.

(2) Represents the amortisation of share-based compensation expense in the year associated with stock options, PSU, and RSU granted to executive officers and directors.

NOTE 18 – FINANCE COSTS

<i>In US\$'000</i>	2025	2024
Accretion on decommissioning obligations (Note 13)	7,362	11,914
Accretion on contingent consideration	-	97
Interest expenses on lease liabilities	8,083	8,216
Financing fee	6,273	8,220
Total	21,718	28,447

NOTE 19 – OTHER INCOME

<i>In US\$'000</i>	2025	2024
Interest income	5,538	2,901
Reversal of provisions	-	1,673
Net change in contingent consideration	-	793
Foreign exchange gain	3,284	606
Royalty income from Licence G6/48	2,150	1,889
Others	7,130	2,336
Total	18,102	10,198

During the year, the Company recovered US\$4.0 million from the former owner of certain Thai assets in respect of additional taxes of US\$13.2 million paid by the Company in 2024. These additional taxes arose from a reassessment by the local tax authorities relating to periods prior to the Company's acquisition of those assets. The amount is included in 'Others' line item.

NOTE 20 – CREDIT FACILITY

The Company's account performance security guarantee facility with Export Development Canada expired on 31 December 2025 (2024: US\$4.0 million).

NOTE 21 – SUPPLEMENTAL STATEMENTS OF CASH FLOW

Accounts payable and accrued liabilities include SRB payables which amounted to US\$20.0 million (2024: US\$28.7 million) at 31 December 2025.

<i>In US\$'000</i>	<i>For the year ended</i>	
	31 December 2025	31 December 2024
Change in non-cash working capital:		
Trade and other receivables	9,898	26,568
Prepaid expenses and deposits	(5,456)	5,551
Inventories	(1,338)	12,195
Accounts payable and accrued liabilities	10,943	22,416
Total	14,047	66,730
Operating	10,707	60,712
Investing ⁽¹⁾	3,340	6,018
Total	14,047	66,730

(1) Accrued capital expenditures relating to development drilling and facility.

Changes in liabilities arising from financing activities:

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's consolidated cash flow statement as cash flows used in financing activities.

	1 January 2025	Financing cash flows	Non-cash			31 December 2025
			Lease addition (Note 10)	Interest expense (Note 18)	Others	
<i>In US\$'000</i>						
Lease liabilities (Note 10)	74,473	(32,738)	42,686	8,083	-	92,504

	1 January 2024	Financing cash flows	Non-cash			31 December 2024
			Lease addition (Note 10)	Interest expense (Note 18)	Others	
<i>In US\$'000</i>						
Lease liabilities (Note 10)	73,635	(33,063)	44,685	8,216	(19,000) ⁽¹⁾	74,473

(1) Relates to the exercise of option to purchase the Nong Yao FSO system (Note 9).

NOTE 22 – 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.

	31 December 2025	31 December 2024
Net income attributable to shareholders of the Company (In US\$'000)	22,771	240,797
Weighted average number of common shares for the purposes of basic earnings per share (in thousands unit)	106,189	105,778
Earnings for the purposes of basic earnings per share (In US\$)	0.21	2.28
Weighted average number of common shares for the purposes of diluted earnings per share from: (in thousands unit)		
Stock options	924	1,368
PSU	1,241	1,317
RSU	814	737
Weighted average number of common shares for the purposes of diluted earnings per share (in thousands unit)	109,168	109,200
Earnings for the purposes of diluted earnings per share (In US\$)	0.21	2.21

NOTE 23 – 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.

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:

<i>In US\$'000</i>	31 December 2025	31 December 2024
Trade receivables	8,849	17,761
Others	1,306	2,378
Financial assets included in trade and other receivables	10,155	20,139
Tax receivable	18,382	18,298
Total trade and other receivables	28,537	38,437

Trade receivable

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. In order to minimise credit risk, the Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

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\$3.2 million (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 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 year will increase by:

<i>At 31 December 2025 (In US\$'000)</i>	Movement %	Strengthening	Weakening
Impact to profit or loss			
Thai Baht	10	1,145	(1,145)
Canadian Dollar	10	(196)	196
Turkish Lira	10	18	(18)

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 maintains and monitors a certain level of cash which is used to finance all operating and capital expenditures.

Other than as disclosed in Note 10, the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods is less than one year or repayable on demand. The contractual maturity is based on the earliest date on which the Company may be required to pay.

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 31 December 2025, the Company had working capital of US\$201.6 million which included cash and cash equivalents and restricted cash of US\$282.7 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, trade and other receivables, and 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 current or prior year.

Categories of financial instruments

The following table sets out the categories of financial instruments as at the end of the reporting period:

<i>In US\$'000</i>	31 December 2025	31 December 2024
Financial assets		
<i>At amortised cost</i>		
Cash and cash equivalents	282,739	236,543
Restricted cash (Note 5)	22,999	22,811
Trade and other receivables (Note 6)	10,155	20,139
Total	315,893	279,493
<i>In US\$'000</i>	31 December 2025	31 December 2024
Financial liabilities		
<i>At amortised cost</i>		
Trade payables (Note 11)	39,536	29,243
Other current liabilities ⁽¹⁾	74,083	68,149
Lease liabilities (Note 10)	92,504	74,473
<i>At FVTPL</i>		
Incentive compensation liability	2,847	1,799
Total	208,970	173,664

(1) Other current liabilities are comprised of accruals and others as disclosed in Note 11.

NOTE 24 – 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:

<i>In US\$'000</i>	Thailand⁽¹⁾	Türkiye⁽²⁾	Corporate	Total
31 December 2025				
Revenue and other income	612,294	(343)	523	612,474
Expenses				
Operating	191,708	-	-	191,708
Exploration	3,831	-	-	3,831
General and administrative	13,812	482	21,525	35,819
Royalties	72,867	-	-	72,867
Special remuneratory benefit (SRB)	19,805	-	-	19,805
Finance costs	13,090	120	8,508	21,718
Depletion and depreciation	205,098	-	367	205,465
Profit (loss) before other items and tax	92,083	(945)	(29,877)	61,261
Change in net monetary position due to hyperinflation	-	777	-	777
Profit (loss) for the year before income taxes	92,083	(168)	(29,877)	62,038
Deferred tax expense	36,794	-	107	36,901
Tax expense	1,611	-	755	2,366
Net income (loss)	53,678	(168)	(30,739)	22,771
Non-current assets⁽³⁾	378,906	3,632	805	383,343

(1) Thailand segment comprises PP&E and E&E assets on Jasmine, Manora, Nong Yao and Wassana fields.

(2) Türkiye segment comprises Banarli and West Thrace which are exploration assets.

(3) Non-current assets consist of restricted cash, PP&E, right-of-use assets and E&E assets.

<i>In US\$'000</i>	Thailand⁽¹⁾	Türkiye⁽²⁾	Corporate	Total
31 December 2024				
Revenue and other income	688,538	-	454	688,992
Expenses				
Operating	186,407	-	-	186,407
Exploration	3,092	-	-	3,092
General and administrative	13,168	407	18,059	31,634
Royalties	81,723	-	-	81,723
Special remuneratory benefit (SRB)	29,221	-	-	29,221
Finance costs	20,026	114	8,307	28,447
Depletion and depreciation	197,261	1	342	197,604
Profit (loss) before other items and tax	157,640	(522)	(26,254)	130,864
Change in net monetary position due to hyperinflation	-	987	-	987
Profit (loss) for the year before income taxes	157,640	465	(26,254)	131,851
Deferred tax recovery	(175,879)	-	(1,331)	(177,210)
Tax expense	67,865	-	399	68,264
Net income (loss)	265,654	465	(25,322)	240,797
Non-current assets⁽³⁾	361,631	3,216	863	365,710

(1) Thailand segment comprises PP&E and E&E assets on Jasmine, Manora, Nong Yao and Wassana fields.

(2) Türkiye segment comprises Banarli and West Thrace which are exploration assets.

(3) Non-current assets consist of restricted cash, PP&E, 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 year (2024: nil).

Information about major customers

In 2025, there were two customers (2024: three) that individually contributed to more than 10% of the Company's revenue. Included in revenues arising from producing assets in Thailand are revenues of approximately US\$577.7 million (2024: US\$533.7 million) which arose from sales to the Company's two significant customers. No other single customers contributed 10 per cent or more to the Company's revenue in either 2025 or 2024.

NOTE 25 – COMMITMENTS

Commitments to supplier contracts

Offshore production rig and vessel

Future minimum payments under non-cancellable supplier contracts:

<i>In US\$'000</i>	31 December 2025	31 December 2024
Within one year	52,382	76,238
After one year but within five years	52,650	69,794
Total	105,032	146,032

Other supplier contracts

Future minimum payments under non-cancellable supplier contracts:

<i>In US\$'000</i>	31 December 2025	31 December 2024
Within one year	30,373	21,872
After one year but within five years	73,257	59,305
Over five years	370	-
Total	104,000	81,177

Capital Commitment

Future capital commitments for oil and gas properties under development:

<i>In US\$'000</i>	31 December 2025	31 December 2024
Within one year	54,598	-
After one year but within five years	124	-
Total	54,722	-

Commitments from the Farm-in

On 25 July 2025, the Company entered into a Farm-in Agreement with PTT Exploration and Production Plc ("PTTEP"), through PTTEP's 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. To earn its interest, the Company will, upon closing of the Farm-in, pay 40% of actual back costs incurred up to 31 December 2025, amounting to \$20.9 million, and 40% of ongoing costs from 1 January 2026 to the closing date. In addition, the Company will also pay up to US\$3.7 million to carry PTTEP on an additional seismic acquisition (requested by the Company) of approximately 165 km² on Block G3/65, located to the northeast of the Nong Yao field. The Blocks are governed by the terms of Production Sharing Contracts 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. In accordance with the terms in the Farm-in Agreement, the Company paid US\$1.85 million to PTTEP in relation to the additional seismic acquisition. This amount has been recorded as deposit in the financial statements.

NOTE 26 – EVENTS AFTER THE REPORTING PERIOD

Purchase of Manora FSO system

On 30 January 2026, the Manora FSO System was successfully transferred to the Company following the exercise of purchase option described in Note 10. Total consideration paid for the acquisition was US\$15.5 million.

Joint venture agreement for Thrace Deep Gas Play

At the Company's deep gas play in the Thrace basin of Türkiye, Transatlantic Petroleum LLC ("Transatlantic"), who are conducting operations on the Company's behalf, have re-entered and hydraulically stimulated the Devepinar-1 well. Gas has been continually produced to surface through the well's casing for over three weeks. With this success, Transatlantic has opted to continue work on the well, and is now installing production tubing to facilitate a longer-term production test. Transatlantic has satisfied its earning requirements and is now entitled to a 50.0% undivided working interest in the western portion of the Company's lands. Once approved by the regulator, Transatlantic will hold a 50.0% working interest in the western portion of the Company's lands, the Company will hold 31.5%, and Pinnacle will hold the remaining 18.5%. The Company's working interest in the eastern portion of the lands (Banarli licences) remains at 100%, subject to Transatlantic completing the drilling and testing of a new well.

Conflict in Middle East

Management has observed the macro-economic uncertainty arising from the ongoing conflict in Middle East, which has led to significant volatility in global oil and gas markets. This includes disruptions to production sites, increased risks to shipping routes, and higher geopolitical risk premiums. These developments have resulted in rising crude oil and natural gas prices and greater uncertainty across global supply chains. The Company's management continues to monitor the operations of the Company in this uncertain environment and takes necessary steps, where possible, to mitigate any negative effects. Based on the information currently available, management has assessed that these events do not indicate any impairment indicators and do not affect the Company's ability to continue as a going concern.

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