FIRST QUARTER 2022 RESULTS

Calgary, May 9, 2022: Valeura Energy Inc. (TSX:VLE, LSE:VLU) ("**Valeura**" or the "**Company**"), an upstream oil and gas company with assets in the Thrace Basin of Turkey and an announced acquisition in the offshore Gulf of Thailand, reports its unaudited financial and operating results for the three month period ended March 31, 2022.

Highlights

- Strong financial position, including cash of US$39.8 million at March 31, 2022;
- Royalty payments of US$2.1 million collected in Q1 2022, with a further US$0.4 million due and invoiced;
- Acquisition announced subsequent to end of the quarter to acquire certain Gulf of Thailand assets with a focus on near-term production and cash flow and further growth in 2023; and
- Continuing strategic focus on inorganic growth in Southeast Asia in addition to seeking a suitable partner to farm in to the Company's Turkish 20 Tcfe unrisked mean prospective resource tight gas appraisal play.

Sean Guest, President and CEO of Valeura commented:

"We have carefully preserved our strong financial position, resulting in nearly $40 million in cash resources at the end of Q1 2022, which was bolstered by incoming royalty payments. This has facilitated our announced Gulf of Thailand acquisition without any share dilution to our shareholders.

We expect to close the deal in Q2 2022 and our management and our new team in Thailand are looking forward to returning to active operations. We are already progressing the key commercial arrangements and procurement work streams required to bring the Wassana oil field back to production later this year, at an expected rate of 3,300 bbls/d gross.

This acquisition is bringing balance into our portfolio by providing strong near-term cash flow and further organic growth opportunities for 2023. At the same time our strategy remains unchanged and we are evaluating further M&A opportunities while continuing to seek out a suitable partner for our deep gas play in Turkey which provides very significant upside potential."

Financial Position

As of the end of Q1 2022, Valeura had cash and cash equivalent resources totaling US$39.8 million, and no debt. The cash position reflects having spent approximately US$1 million of initial cash consideration paid for the Acquisition (defined below), and US$1.2 million incurred in transaction costs during Q1 2022.

Associated with the sale of its conventional gas producing business in 2021, Valeura is due a royalty of up to $2.5 million. Given the recent high price of gas in Turkey, the Company received US$2.1 million in royalty payments by end Q1 2022, and has invoiced the remaining US$0.4 million, which is now due and expected to be collected in Q2 2022.

Acquisition and near-term priority

Subsequent to the end of Q1 2022, on April 28, 2022, Valeura announced that it had entered into an agreement to acquire all of the shares of KrisEnergy International (Thailand) Holdings Ltd. (the "**SPA**") which holds an interest in two operated licences offshore Thailand - licence G10/48 (89% working interest) and licence G6/48 (43% working interest) in the Rossukon oil field - for total initial cash consideration of US$3.1 million, plus contingent payments of up to a further US$7.0 million relating to future development milestones. Separately, Valeura agreed to purchase the mobile offshore production unit located on the Wassana oil field in the G10/48 licence for consideration of US$9.2 million (the "**MOPU Purchase**") which will be phased over approximately 14 months. Valeura expects to fund both the SPA and the MOPU Purchase (together the "**Acquisition**") from cash on hand and from initial cash flows generated by the assets. The Acquisition is expected to close in Q2 2022.

Based on the Company's internal assessment (non-independent) effective December 31, 2021, the Acquisition includes total proved and probable (2P) reserves of 4.0 mmbbls of oil and an aggregate 13.3 mmboe of 2C contingent unrisked resources, net to the working interests being acquired.

In parallel with preparations to close the Acquisition, Valeura is already working with the local operating team in Thailand to prepare for the restart of production operations from the Wassana field in the G10/48 licence. The Company is currently pursuing all key commercial arrangements and procurement work streams required for production operations to resume as soon as practicable after the Acquisition closes. Oil production is expected in Q4 2022 and the Company anticipates initial production rates of approximately 3,300 bbls/d gross.

Valeura anticipates making additional announcements during Q2 2022 on closing the Acquisition and thereafter on the award of contracts for the restart of production operations at Wassana.

Ongoing Strategy

With the Company's continued strong financial position, even considering the funds required for the Acquisition, Valeura has created a foundation in the Southeast Asia region and is well positioned to grow further by way of mergers and acquisitions. This capability is further bolstered by the addition of an experienced operating team in Thailand and a leadership team experienced across the Southeast Asia region. As such, the Company is continuing to evaluate additional targets that will further bolster near-term cashflow while providing opportunities for additional medium-term re-investment to generate value through further growth.

Valeura's 20 Tcfe prospective resources tight gas appraisal play in Turkey represents a significant source of potential long-term value. Valeura is continuing its search for a suitable farm-in partner for the tight gas appraisal play. The Company believes securing a partner is the most prudent first step before committing significant capital to the next phase of the appraisal drilling. Valeura is poised to resume deep drilling operations rapidly upon securing a partner, with several locations already in the advanced permitting stage.

Annual Meeting

Valeura has scheduled its annual meeting of shareholders for June 23, 2022. Meeting materials will be mailed in the middle of May.

About the Company

Valeura Energy Inc. is a Canada-based public company currently engaged in the exploration, development and production of petroleum and natural gas in Turkey, and is pursuing inorganic growth in Southeast Asia.

Oil and Gas Advisories

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

Prospective resource disclosure in this announcement in respect of the Company's tight gas appraisal play in Turkey is based on an independent resources evaluation as at December 31, 2018 conducted by DeGolyer and MacNaughton in its report dated March 13, 2019, which was prepared using guidelines outlined in the Canadian Oil and Gas Evaluation Handbook and in accordance with National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activitie*s, as adjusted to reflect Equinor's withdrawal from the tight gas appraisal play in Q1 2020.

Contingent Resources

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

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

The project maturity subclasses include development pending, development on hold, development unclarified and development not viable. All of the Company's contingent resources disclosed in this announcement are classified as either development on hold or development unclarified. Development on hold is defined as a contingent resource where there is a reasonable chance of development, but there are major non-technical contingencies to be resolved that are usually beyond the control of the operator. Development unclarified is defined as a contingent resource that requires further appraisal to clarify the

potential for development and has been assigned a lower chance of development until commercial considerations can be clearly defined.

Chance of development is the probability of a project being commercially viable. The estimates of contingent resources referred to in this announcement are unrisked and therefore have not been risked for the chance of development.

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

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

Prospective Resources

Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. The unrisked estimates of prospective resources referred to in this announcement have not been risked for either the chance of discovery or the chance of development. There is no certainty that any portion of the prospective resources disclosed in this announcement will be discovered. If a discovery is made, there is no certainty that it will be developed or, if it is developed, there is no certainty as to the timing of such development or that it will be commercially viable to produce any portion of the prospective resources disclosed in this announcement. Additional resources information is included in the Company's annual information form for the year ended December 31, 2018.

Barrels of Oil Equivalent

A boe is determined by converting a volume of natural gas to barrels using the ratio of 6 Mcf to one barrel. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Further, a conversion ratio of 6 Mcf:1 boe assumes that the gas is very dry without significant natural gas liquids. Given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilising a conversion on a 6:1 basis may be misleading as an indication of value.

Advisory and Caution Regarding Forward-Looking Information

Certain information included in this new release constitutes forward-looking information under applicable securities legislation. Such forward-looking information is for the purpose of explaining management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes, such as making investment decisions. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project", "target" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information in this new release includes, but is not limited to: the anticipated benefits of the Acquisition and associated benefits to Valeura's stakeholders; the completion of the Acquisition and the timing thereof; the total cash consideration for the Acquisition, including contingent payments and the timing thereof; the Company's ability to fund the Acquisition from cash on hand and future cash flows; statements with respect to the net working interest reserves and resources in the acquired assets; statements with respect to NSAI updating the reserves and resources associated with respect to the Acquisition and the Company publishing such updates; development plans and production start-up timelines in the Wassana field; the Company's

ability to secure all required key commercial agreements and procurement work streams to resume production operations following the Acquisition; expected production from the Wassana field; successful integration of the operating and leadership team in Thailand by Valeura following the Acquisition; statements with respect to regulatory and partner approvals for a development plan for the Rossukon field being pending; statements with respect to the Company's continued inorganic growth strategy, and evaluation of further opportunities to expand in Thailand to achieve synergies; the Company's ability to collect the outstanding $0.4 million in royalties the Company has invoiced; statements with respect to the tight gas appraisal play in Turkey remaining as a core part of Valeura's portfolio; the Company's ability to find another partner for the tight gas appraisal play and the Company's ability to resume deep drilling operations upon finding another partner for the tight gas appraisal play. In addition, statements related to "reserves" and "resources" are deemed to be forward-looking information as they involve the implied assessment, based on certain estimates and assumptions, that the resources can be discovered and profitably produced in the future.

Forward-looking information is based on management's current expectations and assumptions regarding, among other things: the ability to close the Acquisition and to fund it from cash on hand and future cash flow; the ability to successfully re-start production from the Wassana field in Q4 2022; the ability to successfully pursue further opportunities in Thailand; political stability of the areas in which the Company is operating and completing transactions; continued safety of operations and ability to proceed in a timely manner; the ability to identify attractive merger and acquisition opportunities to support growth; the timing of royalty payments; the prospectivity of the tight gas appraisal play; future sources of funding; future economic conditions; future currency exchange rates; the ability to meet drilling deadlines and fulfil commitments under licences and leases and the Company's continued ability to obtain and retain qualified staff and equipment in a timely and cost efficient manner. In addition, the Company's work programmes and budgets are in part based upon expected agreement among joint venture partners and associated exploration, development and marketing plans and anticipated costs and sales prices, which are subject to change based on, among other things, the actual results of drilling and related activity, availability of drilling, high-pressure stimulation and other specialised oilfield equipment and service providers for onshore and offshore operations, changes in partners' plans and unexpected delays and changes in market conditions. Although the Company believes the expectations and assumptions reflected in such forward-looking information are reasonable, they may prove to be incorrect.

Forward-looking information involves significant known and unknown risks and uncertainties. Exploration, appraisal, and development of oil and natural gas reserves and resources are speculative activities and involve a degree of risk. A number of factors could cause actual results to differ materially from those anticipated by the Company including, but not limited to: inability to close the Acquisition in Q2 2022; the ability of management to execute its business plan or realise anticipated benefits from the Acquisition; inability to integrate the Acquisition if it closes; inability to secure a new partner for the tight gas appraisal play and execute potential mergers and acquisitions; evolving impacts of the COVID-19 pandemic including disruptions in global supply chains; the Company's ability to manage growth; the Company's ability to manage the costs related to inflation; uncertainty in capital markets and ability to raise debt and equity, as required, particularly for companies with a small market capitalisation; the ability to finance future development and/or inorganic growth; the risks of currency fluctuations; changes in oil and gas prices and netbacks in Thailand and Turkey; potential changes in joint venture partner strategies and participation in work programmes; potential assertions of pre-emptive rights by a partner or potential disputes with a partner in connection with the Acquisition; uncertainty regarding the contemplated timelines and costs for offshore development plans in Thailand and the tight gas appraisal play evaluation in Turkey; the risks of disruption to operations and access to worksites (including the impact of the COVID-19 pandemic); the ability of the Company to maintain its directors, senior management team and employees with relevant experience; potential changes in laws and regulations, and the uncertainty regarding government and other approvals; counterparty risk; the ability of the Company to maintain effective ICFR; counterparty risk; risks associated with weather delays and natural disasters; and the risk associated with international activity. The forward-looking information included in this new release is expressly qualified in its entirety by this cautionary statement. See the Company's annual information form for the year ended December 31, 2021 for a detailed discussion of the risk factors.

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

Additional information relating to Valeura is also available on SEDAR at www.sedar.com.

This Announcement contains inside information as defined in Article 7 of the Market Abuse Regulation No. 596/2014 ("MAR") which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this Announcement, this inside information is now considered to be in the public domain.

This announcement does not constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction, including where such offer would be unlawful. This announcement is not for distribution or release, directly or indirectly, in or into the United States, Ireland, the Republic of South Africa or Japan or any other jurisdiction in which its publication or distribution would be unlawful.

Neither the Toronto Stock Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Toronto Stock Exchange) accepts responsibility for the adequacy or accuracy of this news release.

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Condensed Interim Consolidated Statements of Financial Position

(thousands of US Dollars, unaudited)	**March 31, 2022**	December 31, 2021
Assets		
Current Assets		
Cash and cash equivalents	**$ 39,775**	$ 40,826
Restricted cash	**16**	16
Accounts receivable *(note 9)*	**583**	586
Royalty receivable *(note 9)*	**407**	2,315
Prepaid expenses and deposits	**559**	260
	41,340	44,003
Non-Current Assets		
Deposits *(note 11)*	**966**	-
Exploration and evaluation assets *(note 3)*	**1,333**	1,174
Property, plant and equipment *(note 4)*	**46**	46
	$ 43,685	$ 45,223
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities *(note 10)*	**$ 1,778**	$ 341
	1,778	341
Decommissioning obligations *(note 5)*	**1,638**	1,752
	3,416	2,093
Shareholders' Equity		

Share capital *(note 6)*	**179,717**	179,717
Contributed surplus	**22,830**	22,706
Accumulated other comprehensive gain (loss)	**10,634**	10,146
Deficit	**(172,912)**	(169,439)
	40,269	43,130
	$ 43,685	$ 45,223

Subsequent events *(note 11)*

See accompanying notes to the condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three months ended March 31, 2022 and 2021

(thousands of US Dollars, unaudited)	**March 31, 2022**	March 31, 2021
Revenue		
Petroleum and natural gas sales	**$ -**	$ 2,086
Royalties	**-**	(279)
Other Income	**25**	129
	25	1,936
Expenses and other items		
Production	**45**	770
General and administrative	**1,590**	1,658
Severance	**-**	146
Transaction costs	**1,223**	44
Accretion on decommissioning liabilities (*notes 5*)	**79**	277
Foreign exchange (gain) loss	**445**	744
Share-based compensation (*note 6*)	**113**	(76)
Change in estimate on decommissioning liabilities *(note 5)*	**(5)**	(709)
Depletion and depreciation *(notes 4)*	**8**	7
	3,498	2,861
Loss for the period before income taxes	**(3,473)**	(925)
Income taxes		
Current tax expense	**-**	22
Deferred tax expense (recovery)	**-**	114
Net loss	**(3,473)**	(1,061)
Other comprehensive income (loss)		
Currency translation adjustments	**488**	(727)
Comprehensive loss	**$ (2,985)**	$ (1,788)
Net loss per share *(note 6)*		
Basic	**$ (0.04)**	$ (0.01)
Diluted	**$ (0.04)**	$ (0.01)
Weighted average number of shares outstanding (thousands)		
Basic	**86,585**	86,585
Diluted	**86,585**	86,585

See accompanying notes to the condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2022 and 2021

(thousands of US Dollars, unaudited)	**March 31, 2022**	March 31, 2021
Cash was provided by (used in):		
Operating activities:		
Net income (loss) for the period	**$ (3,473)**	$ (1,061)
Depletion and depreciation *(note 4)*	**8**	7
Share-based compensation *(note 6)*	**113**	(76)
Accretion on decommissioning liabilities *(note 5)*	**79**	277
Change in estimate on decommissioning liabilities *(note 5)*	**(5)**	(709)
Foreign exchange loss (gain)	**380**	755
Deferred tax expense (recovery)	**-**	114
Change in restricted cash	**-**	(2)
Change in non-cash working capital *(note 8)*	**1,155**	247
Cash (used in) provided by operating activities	**(1,743)**	(448)
Financing activities:		
Principal payments on lease liability	**-**	(28)
Cash used in financing activities	**-**	(28)
Investing activities:		
Property and equipment expenditures *(note 4)*	**(3)**	-
Exploration and evaluation expenditures *(note 3)*	**(275)**	(68)
Assets held for sale expenditures	**-**	(72)
Royalty receivable *(note 9)*	**1,908**	-
Change in non-cash working capital *(note 8)*	**(968)**	(172)
Cash used in investing activities	**662**	(312)
Foreign exchange gain (loss) on cash held in foreign currencies	**30**	29
Net change in cash and cash equivalents	**(1,051)**	(759)
Cash and cash equivalents, beginning of period	**40,826**	30,143
Cash and cash equivalents, end of period	**$ 39,775**	$ 29,384

See accompanying notes to the condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
For the three months ended March 31, 2022 and
2021

(thousands of US Dollars and thousands of shares, unaudited)	Number of common shares	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comp. Income/(loss)	Total Shareholders' Equity
Balance, January 1, 2022	86,585	$ 179,717	$ 22,706	$ (169,439)	$ 10,146	$ 43,130
Net loss for the period	-	-	-	(3,473)	-	(3,473)
Currency translation adjustments	-	-	-	-	488	488
Share-based Compensation	-	-	124	-	-	124
March 31, 2022	**86,585**	**$ 179,717**	**$ 22,830**	**$ (172,912)**	**$ 10,634**	**$ 40,269**

(thousands of US Dollars and thousands of shares, unaudited)	Number of common shares	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comp. Loss	Total Shareholders' Equity
Balance, January 1, 2021	86,585	$ 179,717	$ 22,410	$ (104,889)	$ (55,288)	$ 41,950
Net loss for the period	-	-	-	(1,061)	-	(1,061)
Currency translation adjustments	-	-	-	-	(727)	(727)
Share-based Compensation	-	-	(59)	-	-	(59)
March 31, 2021	**86,585**	**$ 179,717**	**$ 22,351**	**$ (105,950)**	**$ (56,015)**	**$ 40,103**

See accompanying notes to the condensed interim consolidated financial statements.

1. Reporting Entity

Valeura Energy Inc. ("Valeura" or the "Company") and its subsidiaries (refer to note 2c) are currently engaged in the exploration and development of petroleum and natural gas in Turkey. Valeura is incorporated in Alberta, Canada and has subsidiaries in the Netherlands and Turkey. Valeura's shares are traded on the Toronto Stock Exchange ("TSX") under the trading symbol VLE and the Main Market of the London Stock Exchange ("LSE"), under the trading symbol "VLU". Valeura's head office address is 1200, 202 - 6 Avenue SW, Calgary, AB, Canada.

2. Basis of Preparation

(a) Statement of compliance

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

Operating, transportation and marketing expenses in profit or loss are presented as a combination of function and nature in conformity with industry practices. Depletion and depreciation and finance expenses are presented in a separate line by their nature, while net administrative expenses are presented on a functional basis. The use of estimates and judgements is also consistent with the December 31, 2021 financial statements.

The unaudited condensed interim consolidated financial statements were authorised for issue by the Board of Directors on May 6, 2022.

(b) Basis of measurement

These unaudited condensed interim 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. The methods used to measure fair value are consistent with the Company's December 31, 2021 audited consolidated financial statements.

The COVID-19 pandemic is an evolving situation that may continue to have widespread implications for the Company's business environment, operations, and financial conditions. Management cannot reasonably estimate the length or severity of this pandemic and will continue to monitor the situation closely.

The Company's unaudited condensed interim consolidated financial statements include the accounts of Valeura and its subsidiaries and are expressed in thousands of US Dollars, unless otherwise stated.

(c) Functional and presentation currency

The consolidated financial statements are presented in US Dollars which is Valeura's reporting currency. Valeura and its foreign subsidiaries transact in currencies other than the US Dollar and have a functional currency of Turkish Lira and Canadian dollars as follows:

Company	Functional Currency
Valeura Energy Inc.	Canadian Dollars
Northern Hunter Energy Inc.	Canadian Dollars
Valeura Energy (Netherlands) BV	Turkish Lira

The functional currency of a subsidiary is the currency of the primary economic environment in which the subsidiary operates. Transactions denominated in a currency other than the functional currency are translated at the prevailing rates on the date of the transaction. Any monetary items held in a currency which is not the functional currency of the subsidiary are translated to the functional currency at the prevailing rate as at the date of the statement of financial position. All exchange differences arising as a result of the translation to the functional currency of the subsidiary are recorded in earnings.

Translation of all assets and liabilities from the respective functional currencies to the reporting currency are performed using the rates prevailing at the statement of financial position date. The differences arising upon translation from the functional currency to the reporting currency are recorded as currency translation adjustments in other comprehensive income or loss ("OCI") and are held within accumulated other comprehensive loss until a disposal or partial disposal of a subsidiary. A disposal or partial disposal will then give rise to a realised foreign exchange gain or loss which is recorded in earnings.

(d) Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The ability to make reliable estimates is further influenced by political and economic factors. Management has based its estimates with respect to the Company's operations in Turkey based on information available up to the date these condensed interim consolidated financial statements were approved by the Board of Directors. Significant changes could occur which could materially impact the assumptions and estimates made in these consolidated financial statements. Changes in assumptions are recognised in the financial statements prospectively.

3. Exploration and Evaluation Assets

Cost		**Total**
Balance, December 31, 2021	$	1,174
Additions		275
Capitalised share-based compensation		10
Effects of movements in exchange rates		(126)
Balance, March 31, 2022	**$**	**1,333**

4. Property, Plant and Equipment

Cost		Total
Balance, December 31, 2021	$	8,824
Additions		3
Effects of movements in exchange rates		(910)
Balance, March 31, 2022	**$**	**7,917**

Accumulated depletion and depreciation		Total
Balance, December 31, 2021	$	8,778
Depreciation expense		8
Effects of movements in exchange rates		(915)
Balance, March 31, 2022	**$**	**7,871**

Net book value		Total
Balance, December 31, 2021	$	46
Balance, March 31, 2022	**$**	**46**

The depreciation expense recorded in 2022 relates to the Company's corporate assets.

(a) Contingencies

Although the Company believes that it has title to its oil and natural gas properties, it cannot control or completely protect itself against the risk of title disputes or challenges.

The ultimate recovery of property, plant and equipment and exploration and evaluation costs in Turkey is dependent upon the Company obtaining government approvals, obtaining and maintaining licences in good

standing, the existence and commercial exploitation of petroleum and natural gas reserves and undeveloped lands, and other uncertainties.

5. Decommissioning Obligations

	March 31, 2022
Decommissioning obligations, beginning of period	$ 1,752
Change in estimates	(5)
Accretion of decommissioning obligations	79
Effects of movements in exchange rates	(188)
Balance, March 31, 2022	**$ 1,638**

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 change in estimate is mainly due to a change in the risk-free interest rate and inflation in Turkey. The change in estimate has been recorded on the statement of loss and comprehensive loss as the Company has no asset related to the decommissioning liability.

6. Share Capital

(a) Issued

Common shares	Number of Shares	Amount
Balance, March 31, 2022 and December 31, 2021	**86,584,989**	**$ 179,717**

(b) Per share amounts

Per share amounts have been calculated using the weighted average number of common shares outstanding. The weighted average number of common shares outstanding for the three months ended March 31, 2022 is 86,584,989 (March 31, 2021 and December 31, 2021 - 86,584,989). The weighted average number of common shares outstanding was not increased for the three month period ended March 31, 2022, and 2021, for outstanding stock options, as the effect would be anti-dilutive.

(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 in thirds over three years.

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

	Number of Options	Weighted average exercise price (CAD)
Balance outstanding, December 31, 2021	6,667,666	$ 0.48
Balance outstanding, March 31, 2022	**6,667,666**	**0.48**
Exercisable at March 31, 2022	**4,289,345**	**$ 0.50**

The following table summarises information about the stock options outstanding at March 31, 2022:

Exercise prices (CAD)	Outstanding at March 31, 2022	Weighted average remaining life (years)	Weighted average exercise price (CAD)	Exercisable at March 31, 2022	Weighted average exercise price (CAD)
$0.25 - $0.51	2,310,000	5.0	$ 0.26	1,523,338	$ 0.25
$0.52 - $0.53	2,262,500	6.0	0.52	754,174	0.52
$0.54 - $0.74	1,141,833	1.6	0.62	1,058,500	0.62
$0.75 - $0.80	953,333	1.9	0.76	953,333	0.76
	6,667,666	4.3	$ 0.48	4,289,345	$ 0.50

No options were granted during Q1 2022. In 2021, the fair value, at the grant date, of the stock options issued was estimated using the Black-Scholes model with the following weighted average inputs (weighted average fair value per option in CAD):

Assumptions	**March 31, 2022**	December 31, 2021
Risk free interest rate (%)	-	0.8
Expected life (years)	-	4.5
Expected volatility (%)	-	99.0
Forfeiture rate (%)	-	11.0
Weighted average fair value per option	-	$ 0.37

7. Credit Facilities

The Company's APSG facility with Export Development Canada ("EDC") is effective from June 16, 2021 to May 31, 2022 with a limit of $0.25 million and can be renewed on an annual basis. The APSG facility, which was issued to NBC allows the Company to use the facility as collateral for certain letters of credit issued by NBC, with a limit of $0.25 million and can be renewed on an annual basis. The Company has issued approximately $0.15 million in letters of credit under the APSG facility at current exchange rates.

8. Supplemental Cash Flow Information

Three months ended	**March 31, 2022**	March 31, 2021
Change in non-cash working capital:		
Accounts receivable	**$ 3**	$ 112
Prepaid expenses and deposits	**(1,265)**	(233)
Inventory	**-**	-
Accounts payable and accrued liabilities	**1,437**	439
Assets held for sale	**-**	3,425
Liabilities directly associated with the asset held for sale	**-**	(1,875)
Movements in exchange rates	**12**	(1,793)
	$ 187	$ 75
The change in non-cash working capital has been allocated to the following activities:		
Operating	**1,155**	247
Investing	**(968)**	(172)
	$ 187	$ 75

9. 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 managements' 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.

(a) 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 joint venture partners and oil and natural gas marketers. The maximum exposure to credit risk is as follows:

	March 31, 2022	December 31, 2021
Joint venture receivable from partners	$ 29	$ 25
Retention receivable	310	310
Taxes receivable	227	205
Other	17	46
Accounts receivable	$ 583	$ 586
Royalty receivable	$ 407	$ 2,315

Trade and other receivables:

The Company's accounts receivables consist of a retention receivable amount related to the 2021 Disposition which is a portion of the purchase price held in escrow for one year and taxes receivable from the Turkish Government (VAT receivable). The royalty receivable relates to the 2021 Disposition. As at March 31, 2022, $2.1 million of the $2.5 million royalty receivable has been collected.

Receivables from partners are related to the Company's remaining licences in Turkey. Other receivables are related to an insurance premium refund.

(b) 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.

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. The Company currently has limited exposure to interest rate risk as it has no debt and interest rates on cash balances are at historic lows. Market interest rates currently affect the present value of the Company's decommissioning liability.

Liquidity risk:

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

Capital management:

The Company's *capital structure* includes working capital and shareholders' equity. Currently, total capital resources available are working capital and the Company has a significant cash and cash equivalents balance of $39.8 million. 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 and development activities while maintaining a strong financial position. The Company's capital structure includes working capital and shareholders' equity. Currently, total capital resources available include working capital and funds flow from operations.

The Company's capital expenditures include expenditures in oil and gas activities which may or may not be successful. The Company makes adjustments to the capital structure in light of changes in economic conditions and the risk characteristics of the underlying petroleum and natural gas assets. In order to maintain or adjust the capital structure, the Company may, from time to time, issue shares, adjust its capital spending or issue debt instruments. The Company is not currently subject to any externally imposed capital requirements as it maintains operatorship over all of its lands in the Thrace Basin.

The successful future operations of the Company are dependent on the ability of the Company to secure sufficient funds through operations, bank financing, equity offerings or other sources and there are no assurances that such funding will be available when needed. Failure to obtain such funding on a timely basis could cause the Company to reduce capital spending and could lead to the loss of exploration licences due to failure to meet drilling deadlines. Valeura has not utilised bank loans or debt capital to finance capital expenditures to date.

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 characterized by a high volume of transactions that provides pricing information on an ongoing basis.

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These valuations are based on inputs that can be observed or corroborated in the marketplace, such as market interest rates or forecasted commodity prices.

Level 3 - inputs for the asset or liability are not based on observable market data.

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

The fair value of cash and cash equivalents, accounts receivable, royalty receivable, and accounts payable and accrued liabilities approximate their carrying amounts due to their short terms to maturity.

10. Accounts payable and accrued liabilities

The majority of the accounts payable and accrued liabilities balance is comprised of legal transactions costs related to the share purchase agreement disclosed in note 11 and business development costs.

11. Subsequent events

As announced on April 28, 2022, the Company entered into a Sale and Purchase Agreement with KrisEnergy (Asia) Ltd (the "Seller") to acquire all of the shares of KrisEnergy International (Thailand) Holdings Ltd (the "SPA"), which holds an interest in two operated licences in shallow water offshore Thailand for total initial cash consideration of $3.1 million (refundable if certain conditions are not met), plus certain contingent payments of up to a further US$7.0 million relating to future development milestones and an estimated $1.6 million for maintenance and administrative costs between the signing of the SPA and the anticipated close. As at March 31, 2022, $1.0 million of the cash consideration was paid and recorded as a non-current deposit (refundable if certain conditions are not met). Separately, Valeura has agreed to purchase an onsite Mobile Offshore Production Unit (asset acquisition) from Nora Limited, for cash consideration of $9.2 million (the "MOPU Purchase"), which will be phased over approximately 14 months. The SPA has an effective date of January 1, 2022 and Valeura anticipates the deal closing within the first half of 2022.

To facilitate the SPA, Valeura, with an 85% interest, and Panthera Resources PTY Ltd (a Singapore-based geo-technical consulting firm, "Panthera"), with a 15% interest, have created a Singapore-domiciled special purpose vehicle company ("SPV") Panthera Resources Pte. Ltd, to serve as the buying entity under the SPA. The relationship between Valeura and Panthera as shareholders of the SPV is governed by a shareholder agreement which includes, among other things, provisions for the funding of the SPA purchase 100% by Valeura, and the ongoing engagement of certain Panthera individuals as part of the Valeura management team.