VALEURA ANNOUNCES FIRST QUARTER 2019
FINANCIAL AND OPERATING RESULTS

Calgary, May 9, 2019: Valeura Energy Inc. (TSX:VLE, LSE:VLU) ("**Valeura**" or the "**Company**"), the upstream natural gas producer focused on appraising and developing an unconventional gas accumulation play in the Thrace Basin of Turkey in partnership with Equinor, is pleased to report its financial and operating results for the three month period ended March 31, 2019.

The complete quarterly reporting package for the Company, including financial statements and associated management's discussion and analysis ("**MD&A**"), have been filed on SEDAR at www.sedar.com and posted on the Company's website at www.valeuraenergy.com. All dollar amounts are in CDN$ unless otherwise stated.

Highlights from Q1 2019 and Subsequent Events

- Average realised gas price of $9.20/Mcf, up 1.5% from Q4 2018;
- Average production of 768 boe/d, increased 23.3% from Q4 2018;
- Operating netback of $33.64/boe, up 3.6% from Q4 2018;
- Net working capital surplus of $56.1 million at March 31, 2019;
- Significant progress drilling to de-risk 10 Tcfe of gas resource, net to Valeura:
- Completed drilling the Inanli-1 appraisal well in January 2019 down to 4,885 metres encountering a 1,615 metre column of indicated over-pressured gas;
- Drilled the Devepinar-1 appraisal well to a total depth of 4,796 metres in April 2019 after drilling a 1,066 metre gross column of indicated over-pressured gas; and
- Completed an additional listing of the Company's common shares in the United Kingdom, with trading having commenced on the London Stock Exchange on April 25, 2019, under the ticker symbol VLU.

The Company's focus for Q2 and Q3 2019 activities will be on testing the flow potential of the long indicated gas columns intersected in its new wells as part of a process to de-risk the commerciality of its 10 Tcfe (286 BCM) of gas resource including 236 MMbbl (32 MMTonnes) condensate, net to Valeura. The stimulation and production testing will be conducted on a zone by zone basis to provide more definitive flow characteristics and to measure gas and condensate properties. Identifying the zones that yield sustained gas flow will be critical to demonstrate the commerciality of the Company's Basin Centred Gas Accumulation (the "**BCGA**") play and will underpin the next stage of appraisal and the forward work program.

Sean Guest, President and CEO commented:

"Our first quarter results from ongoing conventional operations were very strong, including realised prices above $9/Mcf and operating netbacks above $33/BOE. These metrics underscore the value of gas in Turkey and bolster our view of the significant value of our unrisked 10 Tcfe unconventional gas resource in the Thrace Basin, where we are partnered with Equinor.

We continued to build on our understanding of the geology of the BCGA play by appraisal drilling which substantiated our belief that the highly over-pressured sandstone interval extends vertically down to nearly 5,000 metres and laterally out to the far western flank of the play fairway. Our confidence in our ability to map and predict the gas in place has greatly increased, and we now fully turn our focus to a detailed production testing programme to identify the flow properties of the many different zones we have encountered.

Financially, we remain in an excellent position and we expect to exit the year with approximately $40 million in working capital after the significant 2019 work programme. Furthermore, we enter Q2 2019 with a clear forward plan to evaluate the commerciality of the play together with our partner Equinor."

Financial and Operating Results Summary

Table 1 Financial and Operating Results Summary

	Three Months Ended March 31, 2019	Three Months Ended December 31, 2018	Three Months Ended March 31, 2018
Financial (thousands $ except share and per share amounts)			
Petroleum and natural gas revenues	3,880	3,150	3,469
Adjusted funds flow (used) (1)	454	3,078	545
Net loss from operations	(3,070)	(634)	(2,435)
Exploration and development capital	5,682	3,282	874
Banarli Farm-in	(1,930)	-	-
Net working capital surplus	56,060	59,520	58,824
Cash	63,847	62,380	56,899
Common shares outstanding			
Basic	86,584,989	86,232,988	83,675,321
Diluted	92,406,655	90,831,655	90,973,321
Share trading (TSX:VLE)			
High	3.99	4.81	8.27
Low	2.25	2.34	3.30
Close	2.59	3.21	4.14
Operations			
Production			
Crude oil (barrels ("**bbl**")/d)	20	8	15
Natural Gas (one thousand cubib feet ("**Mcf**")/d)	4,488	3,689	5,066
BOE/d (@ 6:1)	768	623	859
Average reference price			
Brent ($ per bbl)	83.89	89.56	84.56
BOTAS Reference ($ per Mcf) (2)	9.45	9.18	7.49
Average realised price			
Crude oil ($ per bbl)	92.48	104.41	82.61
Natural gas ($ per Mcf)	9.20	9.06	7.37
Average Operating Netback ($ per BOE @ 6:1) (1)	33.64	32.48	25.34

Notes:

See the MD&A filed on SEDAR for further discussion.

(1) The above table includes non-IFRS measures, which may not be comparable to other companies. Adjusted funds flow is calculated as net income (loss) for the period adjusted for non-cash items in the statement of cash flows. Operating netback is calculated as petroleum and natural gas sales less royalties, production expenses and transportation.

(2) Boru Hatlari ile Petrol Tasima Anonim Sirketi ("**BOTAS**") owns and operates the national crude oil and natural gas pipeline grids in Turkey and purchases the majority of Turkey's natural gas imports. BOTAS regularly posts prices and its Level-2 Wholesale Tariff benchmark is shown herein as a reference price. See the Company's 2018 annual information form (the "**2018 AIF**") filed on SEDAR for further discussion.

Net petroleum and natural gas sales in Q1 2019 averaged 768 boe/d, which was 23% higher than Q4 2018. This reflects strong ongoing performance from the Company's recent workover programme on wells producing from conventional reservoirs.

Production revenue in Q1 2019 was $3.9 million, an increase of 23% over Q4 2018. This is primarily the result of higher production during the quarter combined with continuing strong prices. Turkey's BOTAS Reference

Price for gas increased by 2.9% over the prior quarter, and average operating netbacks were $33.64/boe, an increase of 3.6% over the prior quarter.

Exploration and development capital spending increased to $5.7 million in Q1 2019 as Valeura started paying its working interest share for the Devepinar-1 well. Capital spending was offset by a $1.9 million payment received from Equinor in relation to the final tabulated cost for the Karaca 3D seismic programme, compared to the commitment under the Banarli Farm-in.

As of March 31, 2019, the Company had a net working capital surplus of $56.1 million.

2019 Outlook

The Company has built a strong understanding of the geology of its BCGA play and has demonstrated the presence of high-pressure gas across the basin down to circa 5,000 metres. There are now 11 wells around the basin that have all intersected high pressure gas at depth, with the most recent being Yamalik-1, Inanli-1, and Devepinar-1, drilled by Valeura and its partners. The drilling results from Inanli-1 and Devepinar-1 this year have increased the Company's confidence in its ability to predict reservoir, gas, and stratigraphic intervals that may be more naturally fractured. At the same time, uncertainty related to the amount of in-place gas volumes across Valeura's lands has been reduced. The next, and critical, step will be stimulation and production testing many of the different zones that have been intersected to demonstrate that the gas will flow at sustainable, commercial rates.

In Q2 2019, the Company will commence a zone by zone stimulation and production testing programme across the two new wells. Inanli-1 intersected a gross gas column of 1,615 metres and the Company has just completed two separate Diagnostic Fracture Integrity Tests ("**DFITs**") that have indicated the gas is at very high pressure at depth. Devepinar-1 encountered a 1,066 metre gross gas column and is interpreted to have better porosity than previous wells. There are significant variations in the reservoir and gas properties encountered, owing to the very long vertical sections penetrated and the substantial separation between the two wells, of approximately 20 kilometres. Therefore individual zone by zone testing is critical to understand how each interval will behave under flow conditions. Additionally, the Company has reviewed the production logging test (the "**PLT**") data from the Yamalik-1 well with Equinor and is now developing a plan to re-enter the well, with a view to isolating a portion of the column to conduct further selective zonal flow testing. These operations are expected to commence within the next month and will continue through Q2 and Q3 2019.

The objective of testing these wells is to attain sustainable gas production rates and to ascertain the properties of the gas and condensate from each of the target zones. The Company intends to stimulate and test a minimum of eight separate intervals in the new wells, but this could increase to 12 with success. For such testing in the vertical wells, initial production rates are less critical, as the Company believes that future initial production rates and ultimate recoveries per well will be greatly increased with horizontal drilling and multi-stage stimulation. Demonstrating sustained flow from a single zone will greatly increase the chance of a commercial development of the Company's BCGA resource, which has been evaluated by DeGolyer and MacNaughton, effective December 31, 2018, at 10.1 Tcfe estimated working interest unrisked mean prospective resources of natural gas, which includes 236 MMbbl of condensate.

Valeura remains very well positioned to finance its ongoing BCGA appraisal and all corporate activities through to 2020. The Company's working capital position is more than adequate to fund its working interest share of the stimulation and testing programme, and the Company expects to exit the year with approximately $40 million of positive working capital. In all its activities, the Company remains committed to continuing its safe and environmentally responsible operations and ensuring that operational and administrative functions are conducted in the most cost-efficient way.

Annual Meeting

Valeura will hold its annual meeting of shareholders today, May 9, 2019 at 09:00 (Calgary time) in the Northcote Room at the Bow Valley Square Conference Centre, Level 3, Bow Valley Square 2, 202-6th Ave. S.W., Calgary, Alberta, Canada.

Please visit the following link to view a live webcast of the proceedings, including a presentation by Sean Guest, President and Chief Executive Officer. The meeting will start at 09:00 (Calgary) / 11:00 (Toronto) / 16:00 (London) on Thursday, May 9, 2019.

https://event.on24.com/wcc/r/1961675/E121886CA3B09AA1B89AD7220123A9A2

About Valeura Energy

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

Since Valeura was established in 2010, the Company has executed a number of transactions and currently holds interests in 20 production leases and exploration licences in the Thrace Basin of Turkey totalling 0.46 MM acres (gross) or on a net basis 0.37 MM acres of shallow rights and 0.26 MM net acres of deep rights.

Valeura is appraising an unconventional BCGA play in the Thrace Basin on its deep rights, which has been evaluated by DeGolyer and MacNaughton to hold, effective December 31, 2018, 10.1 Tcfe of estimated working interest unrisked mean prospective resources of natural gas, which includes 236 MMbbl of condensate. By applying 3D seismic, modern reservoir stimulation technology and horizontal and deeper vertical well drilling, Valeura is aiming to achieve commercial scale operations from this tight gas resource.

In addition, the Company owns an extensive network of gas gathering and sales infrastructure to support direct marketing of natural gas to end users, and in 2018, produced an average of 4.3 MMcf/d of natural gas from conventional gas accumulations in its shallower rights.

The Company is listed on both the TSX Exchange under VLE and on the Main Market of the London Stock Exchange under VLU.

Additional information relating to Valeura is also available on SEDAR at www.sedar.com and on the Company's corporate website at www.valeuraenergy.com.

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Oil and Gas Advisories

Boes

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, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Use of Unrisked Estimates

The unrisked estimates of prospective resources referred to in this news release 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 will be discovered. See the 2018 AIF for details regarding risked estimates. 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.

Short Production Test Rates

The short production test rates disclosed in this news release are preliminary in nature and may not be indicative of stabilised on-stream production rates. Initial on-stream production rates are typically disclosed with reference to the number of days in which production has been measured. Initial on-stream production rates are not necessarily indicative of long-term performance or ultimate recovery. To date, Valeura's shallow gas conventional wells and stimulated unconventional tight gas wells have exhibited relatively high decline rates at more than 50% and 75%, respectively, in their first year of production.

There is currently no long-term flow information for the deep, unconventional BCGA. While the same geological formations that are producing gas in the shallow are being targeted in the deep, unconventional play, they are in a different depth and pressure environment and the type curves are not expected to be indicative of deep, unconventional well production rates. A pressure transient analysis or well-test interpretation has not been carried out in respect of the production tests on the Yamalik-1 well. All natural gas rates and volumes are presented net of any load fluids.

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.

There is no certainty that any portion of the prospective resources 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.

Please see the 2018 AIF, which is available under Valeura's issuer profile on SEDAR at www.sedar.com, for more information with respect to the Company's prospective resources, including details regarding risked estimates.

Forward-Looking Statements and Cautionary Statements

This news release contains certain forward-looking statements and information (collectively referred to herein as "**forward-looking information**") including, but not limited to: the characteristics and objectives of the Inanli-1, Devepinar-1 and Yamalik-1 (re)completion programmes; Valeura's intention to stimulate and production test the Inanli-1 and Devepinar-1 well; the timing to commence reservoir stimulation and testing and/or recompletion operations; the number of well tests Valeura intends to conduct; the expectation that future initial production rates and ultimate recoveries per well will increase with horizontal drilling and multi-stage reservoir stimulation; the expectation that sustained flow will increase the change of commercial development; Valeura's expectations with respect to working capital at the end of 2019; the assessment of the resources in the test formations; the potential of the Company's unconventional basin-centered gas accumulation play in the Thrace Basin; and the Company's intention to achieve commercial scale operations. Forward-looking information typically contains statements with words such as "anticipate", estimate", "expect", "target", "potential", "could", "should", "would" or similar words suggesting future outcomes. The Company cautions readers and prospective investors in the Company's securities to not place undue reliance on forward-looking information, as by its nature, it is based on current expectations regarding future events that involve a number of assumptions, inherent risks and uncertainties, which could cause actual results to differ materially from those anticipated by the Company.

Statements related to "prospective resources" are deemed forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the prospective resources can be profitably produced in the future. Specifically, forward-looking information contained herein regarding "prospective resources" include volumes of prospective resources and the ability to finance future development and, the conversion of a portion of prospective resources into reserves.

Forward-looking information is based on management's current expectations and assumptions regarding, among other things: continued political stability of the areas in which the Company is operating; continued safety of operations and ability to proceed in a timely manner; continued operations of and approvals forthcoming from the Turkish government and regulators in a manner consistent with past conduct; future seismic and drilling activity on the expected timelines; the continued favourable pricing and operating netbacks in Turkey; future production rates and associated operating netbacks and cash flow; decline rates; future sources of funding; future economic conditions; future currency exchange rates; the ability to meet drilling deadlines and other requirements under licenses 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, reservoir stimulation and other specialised oilfield equipment and service providers, changes in partners' plans and unexpected delays and changes in market conditions. Although the Company believes the expectations and assumptions reflected in such forward-looking information are reasonable, they may prove to be incorrect.

Forward-looking information involves significant known and unknown risks and uncertainties. Exploration, appraisal, and development of oil and natural gas reserves are speculative activities and involve a degree of risk. A number of factors could cause actual results to differ materially from those anticipated by the Company including, but not limited to: the risks of currency fluctuations; changes in gas prices and netbacks in Turkey; uncertainty regarding the contemplated timelines and costs for the deep evaluation; the risks of disruption to operations and access to worksites, threats to security and safety of personnel and potential property damage related to political issues or civil unrest in Turkey; potential changes in laws and regulations, the uncertainty regarding government and other approvals; counterparty risk; risks associated with weather delays and natural

disasters; and the risk associated with international activity. The forward-looking information included in this news release is expressly qualified in its entirety by this cautionary statement. The forward-looking information included herein is made as of the date hereof and Valeura assumes no obligation to update or revise any forward-looking information to reflect new events or circumstances, except as required by law. See the AIF for a detailed discussion of the risk factors.

Any financial outlook or future oriented financial information in this news release, as defined by applicable securities legislation, has been approved by management of Valeura, including, but not limited to, Valeura's expectations with respect to working capital at the end of 2019. Such financial outlook or future oriented financial information is prfovided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

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.

Condensed Interim Consolidated Financial Statements as at March 31, 2019 and for the three months ended March 31, 2019 and 2018

Condensed Interim Consolidated Statements of Financial Position

(thousands of Canadian Dollars, unaudited)	**March 31, 2019**	December 31, 2018
Assets		
Current Assets		
Cash	**$ 63,847**	$ 62,380
Accounts receivable	**8,603**	9,242
Prepaid expenses and deposits	**1,399**	2,090
Inventory	**221**	195
	74,070	73,907
Licence deposits *(note 3)*	**119**	127
Restricted cash *(note 3)*	**224**	274
Right of use lease asset (*note 8*)	**131**	-
Exploration and evaluation assets *(note 4)*	**11,453**	9,385
Property, plant and equipment *(note 5)*	**38,700**	44,630
	$ 124,697	$ 128,323
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 18,010**	$ 14,387
Lease liability (*note 8*)	**126**	-
Decommissioning obligations *(note 6)*	**12,929**	15,821
Deferred taxes	**1,822**	1,896
Shareholders' Equity		
Share capital *(note 7)*	**205,762**	205,320
Contributed surplus	**20,692**	20,123
Accumulated other comprehensive loss	**(44,911)**	(42,561)
Deficit	**(89,733)**	(86,663)
	91,810	96,219
	$ 124,697	$ 128,323

See accompanying notes to the condensed interim consolidated financial statements

Approved by the Board

("Tim Marchant")
Tim Marchant, Chairman, Director

(*"Russell Hiscock"*)
Russell Hiscock, Director

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the three months ended March 31, 2019 and 2018

(thousands of Canadian Dollars, unaudited)	**March 31, 2019**	March 31, 2018
Revenue ***(note 9)***		
Petroleum and natural gas sales	**$ 3,880**	$ 3,469
Royalties	**(516)**	(460)
Other Income	**826**	365
	4,190	3,374
Expenses		
Production	**1,041**	1,049
General and administrative	**1,408**	1,335
Transaction costs	**1,072**	287
Accretion on decommissioning liabilities *(note 6)*	**504**	521
Interest expense	**9**	-
Foreign exchange loss	**464**	215
Share-based compensation *(note 7)*	**715**	176
Depletion and depreciation *(notes 5 and 8)*	**1,857**	2,023
	7,070	5,606
Loss for the period before income taxes	**(2,880)**	(2,232)
Income taxes		
Current tax expense	**144**	83
Deferred tax expense	**46**	120
Net loss	**(3,070)**	(2,435)
Other comprehensive loss		
Currency translation adjustments	**(2,350)**	(780)
Comprehensive loss	**(5,420)**	(3,215)
Net loss per share		
Basic and diluted	**$ (0.04)**	$ (0.03)
Weighted average number of shares outstanding (thousands)	**86,491**	76,657

See accompanying notes to the condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2019 and 2018

(thousands of Canadian Dollars, unaudited)	**March 31, 2019**	March 31, 2018
Cash was provided by (used in):		
Operating activities:		
Net loss for the period	**$ (3,070)**	$ (2,435)
Depletion and depreciation *(note 5 and 8)*	**1,857**	2,023
Share-based compensation *(note 7)*	**715**	176
Accretion on decommissioning liabilities *(note 6)*	**504**	521
Unrealised foreign exchange loss	**402**	140
Deferred tax expense	**46**	120
Decommissioning costs incurred *(note 6)*	**(11)**	(25)
Change in non-cash working capital *(note 10)*	**(844)**	(4,455)
Cash (used in) provided by operating activities	**(401)**	(3,935)
Financing activities:		
Principal payments on lease liability *(note 8)*	**(31)**	-
Share issuance	**-**	60,004
Share issuance costs	**-**	(4,602)
Proceeds from stock option exercises	**267**	-
Cash provided by financing activities	**236**	55,402
Investing activities:		
Property and equipment expenditures *(note 5)*	**(1,088)**	(581)
Exploration and evaluation expenditures *(note 4)*	**(4,594)**	(293)
Banarli Farm-in (*note 4*)	**1,930**	-
Change in restricted cash	**50**	91
Change in non-cash working capital *(note 10)*	**5,919**	(4,972)
Cash (used in) provided by investing activities	**2,217**	(5,755)
Foreign exchange gain (loss) on cash held in foreign currencies	**(585)**	79
Net change in cash	**1,467**	45,791
Cash, beginning of period	**62,380**	11,108
Cash, end of period	**$ 63,847**	$ 56,899

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, 2019 and 2018

(thousands of Canadian Dollars and thousands of shares)	Number of Shares	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comp. Loss	Total Shareholders' Equity
Balance, January 1, 2019		$ 205,320	$ 20,123	$ (86,663)		

	86,233				$ (42,561)	$ 96,219
Net loss for the year	-	-	-	(3,070)	-	(3,070)
Shares issued	352	442	(175)	-	-	267
Shares issuance costs	-	-	-	-	-	-
Currency translation adjustments	-	-	-	-	(2,350)	(2,350)
Share-based Compensation	-	-	744	-	-	744
March 31, 2019	**86,585**	**$ 205,762**	**$ 20,692**	**$ (89,733)**	**$ (44,911)**	**$ 91,810**

(thousands of Canadian Dollars and thousands of shares)	Number of Shares	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comp. Loss	Total Shareholders' Equity
Balance, January 1, 2018	73,148	$ 146,694	$ 19,857	$ (79,543)	$ (32,183)	$ 54,825
Net loss for the year	-	-	-	(2,435)	-	(2,435)
Shares issued	10,527	60,004		-	-	60,004
Shares issuance costs	-	(4,602)	-	-	-	(4,602)
Currency translation adjustments	-	-	-	-	(780)	(780)
Share-based Compensation	-	-	176	-	-	176
March 31, 2018	**83,675**	**$ 202,096**	**$ 20,033**	**$ (81,978)**	**$ (32,963)**	**$ 107,188**

See accompanying notes to the condensed interim consolidated financial statements.

Notes to the Condensed Interim Consolidated Financial Statements
Three months ended March 31, 2019 and 2018
(tabular amounts in thousands of Canadian Dollars, except share or per share amounts, unaudited)

1. Reporting Entity

Valeura Energy Inc. ("Valeura" or the "Company") and its subsidiaries are currently engaged in the exploration, development and production of petroleum and natural gas in Turkey. Valeura is incorporated in Alberta, Canada and has subsidiaries in the Netherlands, British Virgin Islands and Turkey. Valeura's shares are traded on the Toronto Stock Exchange ("TSX") under the trading symbol VLE. On April 25, 2019, Valeura's shares also commenced trading on 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 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, 2018, 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, in addition to the adoption of IFRS 16 – Leases. 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, 2018.

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, 2018 financial statements.

The unaudited condensed interim consolidated financial statements were authorised for issue by the Board of Directors on May 8, 2019.

(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, 2018 audited consolidated financial statements.

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

(c) Functional and presentation currency

The condensed interim consolidated financial statements are presented in Canadian Dollars which is Valeura's reporting currency. Valeura's foreign subsidiaries transact in currencies other than the Canadian Dollar and have a functional currency of 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 net 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 income or loss (“AOCI”) 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 net earnings.

(d) Changes in Significant Accounting Policies

(i) IFRS 16 Leases

Valeura adopted IFRS 16, Leases, on January 1, 2019 on a modified retrospective basis.

In January 2016, the IASB issued the complete IFRS 16 Leases ("IFRS 16") which replaces IAS 17, Leases. Under IFRS 16, a single recognition and measurement model applies for lessees which will require recognition of assets and liabilities for most leases. Valeura has elected to use the modified retrospective approach upon adoption and therefore the comparative information has not been restated. The Company has elected to apply the optional exemptions for short-term and low-value leases. The lease payments associated with these leases are recognised as expenses as incurred over the lease term.

The Company recognises a right-of-use asset (''ROU") and a lease liability at the lease commencement date. The ROU asset is initially measured at cost based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the ROU asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. Valeura presents ROU as its own line item on the consolidated statement of financial position. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the ROU is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. The average depreciation term is 1.5 to 2 years.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero. Lease payments are applied against the lease obligation, with a portion reflected as interest expense using the effective interest rate method. Valeura presents the lease liability as its own line item on the consolidated statement of financial position.

The effect of initially applying the standard was a $0.2 million increase to the lease liability, with a corresponding ROU asset recorded. The ROU asset was measured at the amount equal to the lease liability on January 1, 2019 with no impact on deficit. The lease liability was measured at the present value of the remaining lease payments, discounted using Valeura’s incremental borrowing rate as at January 1, 2019. The weighted average incremental borrowing rate used to determine the lease obligation on adoption was approximately 28% percent. The ROU assets and lease liabilities recognised relate to leases on the Company’s offices and facilities in Turkey.

The preparation of the condensed interim consolidated financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the reported amount of assets, liabilities, income, and expenses. Actual results could differ significantly from these estimates. Key areas where management has made judgments, estimates, and assumptions related to the application of IFRS 16 include:

Incremental borrowing rate: The incremental borrowing rates are based on judgments including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the ROU assets, lease obligations, and the resulting interest and depletion and depreciation expense, may differ due to changes in the market conditions and lease term.

Lease term: Lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions.

The table below shows the impact on the consolidated statement of loss upon adoption of IFRS 16 for the three months ended March 31, 2019 is a reduction to earnings as follows:

Cost		Total
Depreciation of right of use asset	$	(23)
Interest Expense		(9)
Lease principal payments		21
Balance, March 31, 2019	**$**	**(11)**

Cash flow from financing activities for the three months ended March 31, 2019 was $0.03 million lower due to the deduction of the lease payments reflected in this section while cash flow from operating activities increased $0.03 million.

(e) Turkey operational update

Turkey went through a period of political change and uncertainty from 2016 to 2018. However, with the successful passing of the referendum on constitutional change, and the successful election in mid-2018, the incumbent, President Erdogan remains in office.

Recent geopolitical events have resulted in a continued downward slide in the value of the TL, and at times these drops have been very sharp. This has also had the effect of sharply increasing inflation to more than 20% in 2018 and continuing at that level for the first quarter of 2019, after well over a decade of strong growth and relatively stable inflation. The resulting negative sentiment toward Turkey has at times resulted in a decrease in the value of Valeura shares.

To date, the above events have not impacted the Company's ability to conduct drilling and production operations in the Thrace Basin and no significant delays or security issues have been experienced in these operations. All of the Company's current operations are in the Thrace Basin of northwest Turkey, more than 1,000 kilometres from the Syrian border.

The Company will continue to monitor conditions, including the safety of personnel and operations, the security situation generally, impact on the TL and banking facilities, impact on our joint venture partners and any changes in offtakes by the Company's natural gas customers.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The ability to make reliable estimates is further complicated when the political, economic and security situation is uncertain. Management has based its estimates with respect to the Company's operations in Turkey based on information available up to the date these condensed interim consolidated financial statements were

approved by the Board of Directors. The situation in Turkey remains uncertain and 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. Restricted Cash and Licence Deposits

The Company has restricted cash in the amount of $0.2 million (2018 - $.0.3 million) that is securing licence deposits with the General Directorate of Mining and Petroleum Affairs of the Republic of Turkey (“GDMPA”), and a further $0.1 million (2018 - $0.1 million) on deposit with the GDMPA. This restricted cash and deposit is security for decommissioning or abandonment obligations and ongoing work programmes on the Company’s Turkish licences. These deposits and restricted cash equal the amount to satisfy the underlying commitments with the GDMPA and there are no other outstanding commitments. As the expected abandonment date and work programmes for these assets is more than one year from March 31, 2019, this restricted cash and deposit have been classified as non-current in the Company’s financial statements.

Effective April 10, 2019, the Company renewed its Account Performance Security Guarantee (“APSG”) facility with Export Development Canada (“EDC”). The APSG, which was issued to National Bank of Canada (“NBC”) allows the Company to use the APSG as collateral for certain letters of credit issued by NBC. The facility is effective from April 10, 2019 to March 31, 2020 with a limit of US$4.5 million and can be renewed on an annual basis. The Company has issued approximately US$2.5 million in letters of credit under the APSG facility at current exchange rates.

4. Exploration and Evaluation Assets

Cost		**Total**
Balance, December 31, 2018	$	9,385
Banarli Farm-in		(1,930)
Additions		4,594
Capitalised share-based compensation		29
Effects of movements in exchange rates		(625)
Balance, March 31, 2019	**$**	**11,453**

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.

Phase 2 of the Banarli Farm-in was a commitment to complete a 3D seismic programme with a minimum cost of at least US$10 million. The final cost total for the Karaca 3D seismic programme, agreed by partners in Q1 2019 totaled US$8.5 million, requiring an additional payment from Equinor to Valeura of US$1.5 million ($1.9 million), which is recorded as an additional farm-in payment against exploration and evaluation assets.

In circumstances where the Company has entered into farm-in arrangements whereby the farm-in partner (“partner”) will earn a working interest on certain properties through payment of a pre-determined portion of the costs of exploration or development activities, Valeura recognises a disposal of the partner’s working interest once the commitment has been met and the difference between the proceeds received and the carrying amount of the asset are recognised as a gain or loss in earnings for Property, Plant and Equipment assets and as a reduction of Exploration and Evaluation Assets for instances where the farm-in is on undeveloped land.

5. Property, Plant and Equipment

Cost		Total
Balance, December 31, 2018	$	86,515

Additions		1,088
Change in decommissioning obligations *(note 6)*		(2,382)
Effects of movements in exchange rates		(5,465)
Balance, March 31, 2019	**$**	**79,756**

Accumulated depletion and depreciation		Total
Balance, December 31, 2018	$	41,885
Depletion and depreciation expense		1,834
Effects of movements in exchange rates		(2,663)
Balance, March 31, 2019	**$**	**41,056**

Net book value		Total
Balance, December 31, 2018	$	44,630
Balance, March 31, 2019	**$**	**38,700**

(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.

(b) Depletion - future development costs

For the purposes of calculating depletion, petroleum and natural gas properties in Turkey include estimated future development costs of $152.9 million (December 31, 2018 – $155.0 million) associated with development of the Company's proved plus probable reserves.

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.

6. Decommissioning Obligations

		March 31, 2019
Decommissioning obligations, beginning of period	$	15,821
Obligations incurred		-
Obligations settled		(11)
Change in estimates		(2,382)
Accretion of decommissioning obligations		504
Effects of movements in exchange rates		(1,003)
Balance, March 31, 2019	**$**	**12,929**

The Company's decommissioning obligations result from its ownership interest in oil and natural gas assets including well sites and gathering systems. The total decommissioning obligation is estimated based on the Company's net ownership interest in all wells and facilities, 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 an increase in the risk free interest rate in Turkey.

7. Share Capital

(a) Issued

Common shares	Number of Shares	Amount
Balance, December 31, 2018	86,232,988	$ 205,320
Shares issued pursuant to exercise of stock options	352,001	442
Balance, March 31, 2019	**86,584,989**	**$ 205,762**

(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, 2019 is 86,491,203 (March 31, 2018 – 76,657,321; December 31, 2018 – 86,221,509). The average number of common shares outstanding was not increased for outstanding stock options as the effect would be anti-dilutive.

(c) Stock options

Valeura has an option programme that entitles officers, directors, and employees to purchase shares in the Company. Options are granted at the market price of the shares at the date of grant, have a 7 year term and vest over 3 years.

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

	Number of Options	Weighted average exercise price
Balance outstanding, December 31, 2018	4,598,667	$ 1.57
Granted	1,575,000	3.07
Exercised	(352,001)	0.76
Balance outstanding, March 31, 2019	**5,821,666**	**2.03**
Exercisable at March 31, 2019	**2,781,673**	**$ 1.10**

The following table summarises information about the stock options outstanding and exercisable at March 31, 2019:

Exercise prices	Outstanding at March 31, 2019	Weighted average remaining life (years)	Weighted average exercise price	Exercisable at March 31, 2019	Weighted average exercise price
$0.57 - $0.66	1,152,500	2.56	$ 0.60	1,152,500	$ 0.60
$0.67 - $0.74	738,333	4.70	0.72	498,336	0.72
$0.75 - $2.01	1,343,333	4.08	0.80	843,333	0.82
$2.02 - $3.26	1,425,000	6.86	3.02	-	-
$3.27 - $4.62	1,162,500	6.11	4.47	287,504	4.62
	5,821,666	4.94	$ 2.03	2,781,673	$ 1.10

The fair value, at the grant date during the period, of the stock options issued was estimated using the Black-Scholes model with the following weighted average inputs:

Assumptions	**March 31, 2019**	December 31, 2018
Risk free interest rate (%)	**1.8**	2.1
Expected life (years)	**4.5**	4.5

Expected volatility (%)	**87.01**	83.7
Forfeiture rate (%)	**4.5**	3.4
Weighted average fair value per option	**$ 2.15**	$ 2.96

8. Leases

Right of use asset leases – real estate	March 31, 2019
Balance, January 1, 2019	$ 153
Depreciation	(22)
Balance, March 31, 2019	**$ 131**

Lease liability – real estate	March 31, 2019
Balance, January 1, 2019	$ 153
Interest	9
Principal payments	(31)
Effect of movement in exchange rates	(5)
Balance, March 31, 2019	**$ 126**

All leases have terms between 14 and 18 months.

In addition to the leases disclosed above the Company has a number of leases with terms of 12 months or less. Total commitments under these short term leases at March 31, 2019 are $0.7 million. Total lease expenses included in the financial statements related to these contracts are as follows:

Lease payments for contracts 12 months or less in duration	March 31, 2019
Operating expenses	$ 125
General and administrative expenses	2
Exploration and evaluation costs	31
Property, plant and equipment costs	17
Total, March 31, 2019	**$ 175**

Total cash outflow, leases	March 31, 2019
Principal payments	$ 31
Interest payments	9
Payments under short term leases	175
Balance, March 31, 2019	**$ 215**

9. Revenue

The Company sells its production pursuant to fixed price sales contracts in the country of Turkey, in which natural gas prices for all of the Company's production are linked to the BOTAS benchmark price in TL. Tracking of the BOTAS price, converted to US$, suggests that the price trends similar to the EU natural gas price. This is expected, as the gas sources are similar for both BOTAS and the EU. The Company is paid for its Turkish natural gas production in Turkish Lira. The BOTAS price is a reference price fixed by the Ministry of Energy and Natural Resources.

Under the contracts, the Company is required to deliver a variable volume of natural gas to the contract counter party. Revenue is recognised when a unit of production is delivered to the contract counterparty. The amount of revenue recognised is based on the agreed transaction price, whereby any variability in revenue relates specifically to the Company's efforts to transfer production or the customer's demand for natural gas, and therefore the resulting revenue is allocated to the production delivered in the period during which the variability occurs. As a result, none of the variable revenue is considered constrained.

The Company's contracts have a term of one year or less, whereby delivery takes place throughout the contract period. Revenues are typically collected between the 12th and 25th day of the month following production.

The Company produces a small amount of crude oil that is sold on a spot basis as volumes warrant. Oil is delivered by truck to customers and revenue is recognised in the period in which the delivery occurs.

In addition to selling natural gas that the Company produces, the Company sells natural gas that it purchases from other producers in the area. This purchased natural gas is sold to the same customers, using the same contracts, through the same distribution network as natural gas the Company produces. The Company purchases natural gas from other producers under contracts that are typically one year or less in length at a discount of between 12.5% and 15% to the BOTAS price. These contracts require the Company to deliver the purchased natural gas to customers. The Company does not have the right, nor the ability, to store the purchased natural gas. Since the Company does not have the ability to influence the decision making process for the purchased natural gas volumes or the discretion to set prices, does not experience any inventory risk, does not perform any processing of the product and does not remit royalties to the Turkish government for the product, it considers itself an agent in these transactions. Revenue for this purchased gas is included net of purchase cost in Other income.

Interest and other revenue is comprised mainly of interest on cash in hand.

All of the Company's natural gas is sold in Turkey, in the Thrace Basin, which is the same area in which it is produced.

Three months ended	March 31, 2019	March 31, 2018
Natural gas	$ 3,717	$ 3,360
Crude oil	163	109
Petroleum and natural gas sales	**$ 3,880**	**$ 3,469**

Three months ended	March 31, 2019	March 31,3018
Royalties – natural gas	$ 465	$ 420
Crude oil	13	5
Gross overriding royalty	38	35
Royalties	**$ 516**	**$ 460**

Three months ended	March 31, 2019	March 31, 2018
Third party natural gas sales net of costs	$ 332	$ 215
Interest and other revenue	494	150
Other income	**$ 826**	**$ 365**

10. Supplemental Cash Flow Information

Three months ended	**March 31, 2019**	March 31, 2018
Change in non-cash working capital:		

Accounts receivable	**$ 640**	$ (1,656)
Prepaid expenses and deposits	**692**	(92)
Inventory	**(26)**	5
Deposits (non-current)	**8**	(3)
Accounts payable and accrued liabilities	**3,623**	(7,569)
Movements in exchange rates	**138**	(112)
	5,075	(9,427)

The change in non-cash working capital has been allocated to the following activities:

Operating	**(844)**	(4,445)
Investing	**5,919**	(4,972)
	$ 5,075	$ (9,427)

11. 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. Further quantitative disclosures are included throughout the condensed interim consolidated financial statements.

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 at year-end is as follows:

As at	**March 31, 2019**	December 31, 2018
Joint venture receivable from Equinor	**$ 2,120**	$ 3,486
Joint venture receivable from other partners	**-**	313
Revenue receivables from customers	**4,526**	3,485
Taxes receivable	**1,907**	1,958
Other receivables	**50**	-
Accounts receivable	**$ 8,603**	$ 9,242

Accounts receivable:

Substantially all of the Company's petroleum and natural gas production is marketed under standard industry terms that are specific by country. The Company's policy to mitigate credit risk associated with the balances is to establish marketing relationships with credit worthy purchasers. The Company historically has not experienced any collection issues with its

petroleum and natural gas marketers. Joint venture receivables are typically collected within one to three months of the joint venture invoice being issued to the partner. The Company attempts to mitigate the risk from joint venture receivables by obtaining partner approval of significant capital expenditures.

Receivables from participants in the petroleum and natural gas sector, and collection of the outstanding balances can be impacted by industry factors such as commodity price fluctuations, limited capital availability and unsuccessful drilling programmes. The Company does not typically obtain collateral from petroleum and natural gas marketers or joint venture partners; however the Company can cash call for major projects and does have the ability, in most cases, to withhold production from joint venture partners in the event of non-payment, or withhold accounts payable remittances.

(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.

Foreign currency exchange rate risk:

Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. World oil prices are quoted in US Dollars (USD) and the price received by the Company's Turkish branches can be affected by the Turkish Lira (TL)/USD exchange rate, which fluctuates over time. The Company's petroleum and natural gas sales are conducted in Turkey and are denominated in TL. As such, the Company is exposed to any fluctuations in the TL to Canadian Dollar (CAD) exchange rate. A decrease in the value of the TL against CAD will result in a decrease in revenue and a decrease in operating costs in the Company's consolidated financial statements. Correspondingly, an increase in the value of the TL against the CAD will result in an increase in revenue and an increase in operating costs.

The Company's seismic and drilling operations and related contracts in Turkey are partially based in USD. Material increases in the value of the USD against the TL or CAD will negatively impact the Company's costs of drilling and completions activities. Future CAD/USD and CAD/TL exchange rates could accordingly impact the future value of the Company's reserves as determined by independent evaluators.

The recent volatility and weakness in the value of the TL may impair the ability of the Company to effectively manage foreign exchange exposure. Continued devaluation of the TL, without a corresponding increase in the natural gas reference price, will have a negative impact on funds flow from operations and could affect the ability of the Company to fund its capital programme in the future.

Changes to the TL/CAD exchange rate would have had the following impact on revenues, royalties and production costs for the three months ended March 31, 2019:

+/- 1 percent change in realised TL/CAD exchange rate	Petroleum and natural gas revenues	Royalties	Production costs
Three months ended March 31, 2019	$ 42	$ 5	$ 10

The Company's drilling and seismic operations and related contracts in Turkey are predominantly based in USD. Material changes in the value of the USD against the TL or CAD will impact the Company's capital costs.

Changes to the TL/USD exchange rate, which are impacted by the TL/CAD exchange rate upon conversion to the Company's Canadian Dollar presentation currency, would have had the following impact on capital expenditures for the three months ended March 31, 2019:

+/- 1 percent change in realised TL/USD exchange rate, upon conversion to presentation currency	Capital expenditures
Three months ended March 31, 2019	$ 43

Interest rate risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not currently exposed to interest rate risk as it has no debt.

Commodity price risk:

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by the relationship between the Canadian Dollar and Turkish Lira, the Canadian Dollar and United States Dollar, global economic events and Turkish government policies.

The natural gas reference price in Turkey is in part correlated to contract prices for natural gas imports into Turkey and also government policy with respect to subsidies to consumers. Natural gas sales for Valeura are under direct sales contracts to industrial buyers and power generation companies in the area and each contract is at a negotiated discount or premium to the BOTAS benchmark price.

The government has continued to increase the BOTAS reference price thereby offsetting the decline in the value of the TL and reflecting the increase in regional gas prices. Effective January 1, 2018, April 1, 2018, August 1, 2018, September 1, 2018 and October 1, 2018 the price was increased by 14%, 10%, 14%, 14% and 18.5% respectively. The Company's average realised natural gas price in Turkey for 2019 was $9.20/mcf which represents a 2.5% discount to the BOTAS price.

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 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.

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 while it maintains operatorship over all the lands in the Thrace Basin. An exception to this statement could occur at the end of 2019 if Equinor elects to complete Phase 3 under the Banarli O-in and thereby earns a 50 percent working interest in the deep rights at Banarli. Phase 3 of the Banarli Farm-in can be completed by the drilling and testing of the Inanli-1, which spud on October 8, 2018 and completed drilling in January 2019. The completion and testing programme is anticipated to begin in Q2 2019. Once drilling and testing of Inanli-1 is complete, Equinor may exercise its option under the Banarli Farm-in to take operatorship of the deep rights and propose a more significant drilling programme including a more extensive pilot project, for which the Company would have to contribute its 50 percent participating interest. The Company has working capital of $56.1 million at March 31, 2019 in order to meet commitments of the current capital programme. If a more significant programme is proposed, the Company will be required to assess alternatives including the availability of equity and debt capital to fund the programme.

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, lower production

volumes and associated revenues or default under the Company's joint operating agreements. Valeura has not utilised bank loans or debt capital to finance capital expenditures to date.