



Press Release – May 14, 2015

VALEURA ANNOUNCES STRONG FIRST QUARTER 2015 FINANCIAL AND OPERATING RESULTS AND COMMENCEMENT OF 3D SEISMIC AT BANARLI

Valeura Energy Inc. ("**Valeura**" or the "**Corporation**") (TSX: VLE) is pleased to report highlights of its unaudited financial and operating results for the three month period ended March 31, 2015 and an update on subsequent developments. The complete quarterly reporting package for the Corporation, including the unaudited financial statements and associated management's discussion and analysis ("**MD&A**"), has been filed on SEDAR at www.sedar.com and posted on the Corporation's website at www.valeuraenergy.com.

"Valeura achieved continued strong results in the first quarter, setting new records for average natural gas sales prices and operating netbacks in Turkey of \$10.88 per Mcf and \$49.58 per boe, respectively, and delivering \$3.7 million in funds flow from operations that has boosted our working capital surplus to \$12.3 million", said Jim McFarland, President and Chief Executive Officer. "Net sales in the first quarter were up 4% from the prior quarter, reflecting continued strong sales in the quarter of 5.4 MMcf/d (gross) from the Gurgun discovery.

"We are especially pleased that the 3D seismic program on our 100% owned and operated Banarli exploration licence has commenced ahead of schedule on May 1, which should position initial drilling in the fourth quarter.

"As announced previously, we are delighted that Dr. Tim Marchant has joined the board of directors effective April 15. Ken McKay will retire from the board following our annual shareholders' meeting on June 17 to pursue his many other business interests. Ken has been a member of the board since the inception of Valeura and its predecessor private company Northern Hunter Energy Inc. On behalf of the board, I would like to thank Ken for his sage advice and many contributions to sound corporate governance at Valeura."

Q1 2015 RESULTS AT A GLANCE

- **Awarded Banarli 3D seismic contract and commenced acquisition phase on May 1**
- **Net sales 1,223 boe/d**
- **Funds flow from operations \$3.7 million**
- **Working capital surplus \$12.3 million**
- **Natural gas price realization \$10.88/Mcf**
- **Operating netback \$49.58/boe**
- **Net capital expenditures \$1.4 million**

(See below for definitions and advisories)

OPERATIONAL HIGHLIGHTS

- Net petroleum and natural gas sales in Turkey in Q1 2015 averaged 1,223 barrels of oil equivalent per day ("**boe/d**"), which was 4% higher than sales in Q4 2014, including 7.3 million cubic feet per day ("**MMcf/d**") of natural gas and 10 barrels of oil per day ("**bbl/d**").
- Net corporate petroleum and natural gas sales in April 2015 averaged approximately 1,145 boe/d, reflecting the impact of natural production declines and a temporary gap in drilling. Drilling is expected to resume by late June, dependent on partner approvals, funded from operating cash flow.

Thrace Basin – TBNG-PTI JV (40% Working Interest)

- Drilled a second successful appraisal well Gurgun-3 in January 2015 on the 2014 Gurgun discovery in the Osmanli area on the joint venture lands acquired from Thrace Basin Natural Gas (Turkiye) Corporation ("**TBNG**") and Pinnacle Turkey Inc. ("**PTI**") (the "**TBNG-PTI JV**"). The Gurgun-3 well is located approximately 500 metres southeast of the successful Gurgun-2 appraisal well in a separate, smaller uplifted fault compartment. The Gurgun-3 well was cased to a depth of 1,650 metres and produced at an initial on-stream 30-day rate ("**IP30**") of 1.1 MMcf/d.

- The three Gurgun wells are currently delivering in aggregate approximately 4.8 MMcf/d (gross) in sales volumes and by the end of April 2015 had achieved cumulative sales of approximately 0.8 Bcf (gross). Additional behind-pipe pay has been perforated in the Gurgun-2 and Gurgun-3 wells but considerable additional pay remains to be perforated in Gurgun-1 and Gurgun-2, which is expected to occur over the coming months to sustain productivity. DeGolyer and MacNaughton in their independent reserves report dated March 10, 2015 attributed 3.7 Bcf of proved reserves (gross) and 5.3 Bcf of proved plus probable reserves (gross) (sales gas) to the Gurgun discovery as at December 31, 2014.
- The Gurgun discovery is material to the TBNG-PTI JV given its size and the fact that it was drilled on a new, downthrown fault block play type, which has set up further drilling opportunities on similar prospects on the JV lands. The Gurgun-1 discovery well is only 500 metres south of the Banarli exploration licence (Valeura 100% working interest) and has also boosted the Corporation's view of the prospectivity of shallower formations at Banarli in addition to the basin-centered gas play potential in the deeper horizons.
- Completed four other workovers on shallow gas wells during Q1 2015.
(See advisories below regarding initial production rate disclosure)

Thrace Basin – Banarli Exploration Licence (100% Working Interest)

- Executed a contract to acquire 152 square kilometres of new 3D seismic on the Banarli exploration licence and commenced the acquisition phase ahead of schedule on May 1, 2015. To date, 29% of the planned acquisition program has been completed. The expected all-in cost to acquire, process and interpret the seismic is estimated at \$5.0 million.
- The General Directorate of Petroleum Affairs ("GDPA") has advised that it expects to convert Valeura's 100% owned and operated Banarli exploration licence to two new contiguous exploration licences with slightly larger aggregate area under the new petroleum law adopted by Turkey in May 2013. Formal gazetting of the award is expected in late May, at which time the work program requirements over the initial five-year term of the licences will be confirmed.
- Valeura continued its process to seek a joint venture partner to participate in funding an exploration drilling program in the deeper horizons at Banarli below approximately 2,500 metres, targeting a potential basin-centered gas play. Moyes & Co., an internationally active acquisition and divestment firm, is assisting in the farm-out process.
- Concurrently, the TBNG-PTI JV has been in active discussions regarding a potential farm-in on the deeper horizons in certain of the joint venture lands, contingent on the successful conversion of the associated licences under the new petroleum law, which is also progressing with the GDPA. There is no certainty that a deep farm-in transaction will be completed with respect to the TBNG-PTI JV lands or at Banarli, or the timing of final terms thereof.

FINANCIAL HIGHLIGHTS

- Funds flow from operations of \$3.7 million in Q1 2015 was unchanged from Q4 2014, reflecting higher sales volumes, higher natural gas price realizations and lower operating costs, offset by realized foreign exchange losses and payment of discretionary employee bonuses in March. Funds flow from operations in Q1 2015 was also essentially unchanged from Q1 2014, with increased gas price realizations offset by slightly lower sales volumes, higher realized foreign exchange losses and higher operating and general and administrative expenses. (See discussion below regarding non-IFRS measures).
- Net capital expenditures of \$1.4 million in Q1 2015 were down 49% from Q4 2014 and down 64% from Q1 2014 due to lower drilling and completion expenditures.
- The average natural gas price realization in Turkey of \$10.88 per Mcf in Q1 2015 was up 2% from Q4 2014 due primarily to a lower realized weighted average price discount to the natural gas reference price under the Corporation's various sales contracts, and up 13% from Q1 2014 due primarily to a 9% increase in the reference price for domestic natural gas sales in Turkey (denominated in Turkish Lira), effective October 1, 2014.
- The corporate average operating netback of \$49.58 per boe in Q1 2015 was up 7% from Q4 2014 due primarily to lower unit operating costs, and up 11% from Q1 2014 due primarily to higher natural gas price realizations, partially offset by higher unit operating costs. (See discussion below regarding non-IFRS measures).
- The Corporation had a working capital surplus of \$12.3 million, including cash and cash equivalents of \$8.1 million, as at March 31, 2015. This working capital surplus is up 22% from \$10.0 million at year-end 2014.

- Additional financial and operating results are summarized in the Table 1 below.

Table 1 Financial and Operating Results Summary ⁽¹⁾

	Three Months Ended March 31, 2015	Three Months Ended December 31, 2014	Three Months Ended March 31, 2014
Financial (thousands of Canadian dollars, except share and per share amounts)			
Petroleum and natural gas revenues	7,167	6,921	6,650
Funds flow from continuing operations ⁽²⁾	3,673	3,654	3,638
Net income from continuing operations	107	697	276
Capital expenditures (net of asset dispositions)	1,435	2,822	3,942
Net working capital surplus	12,288	10,044	6,817
Cash and cash equivalents	8,082	5,928	5,484
Common shares outstanding			
Basic	57,906,135	57,906,135	57,906,135
Diluted	76,387,352	77,146,102	77,406,352
Share trading			
High	0.70	0.45	0.78
Low	0.36	0.30	0.30
Close	0.55	0.38	0.64
Operations			
Production			
Crude oil (bbl/d)	10	10	7
Natural Gas (Mcf/d)	7,273	7,022	7,605
boe/d (@ 6:1) ⁽³⁾	1,223	1,180	1,274
Average reference price			
BOTAS Reference (\$ per Mcf) ⁽⁴⁾	11.06	11.02	10.02
Average realized price			
Crude oil (\$ per bbl)	50.19	62.66	88.08
Natural gas - Turkey (\$ per Mcf)	10.88	10.62	9.64
Average Operating Netback (\$ per boe @ 6:1) ^{(2) (3)}	49.58	46.22	44.82

Notes:

- (1) The above table includes figures from continuing operations in Turkey. Prior period figures have been reclassified to remove discontinued operations in Canada. See MD&A for further discussion on discontinued operations.
- (2) The above table includes non-IFRS measures, which may not be comparable to other companies. Funds flow from operations is calculated as net 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 costs. See MD&A for further discussion.
- (3) boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6.0 Mcf to 1.0 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not necessarily represent a value equivalency at the well head.
- (4) 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 Organized Industrial Zones natural gas wholesale tariff ("**BOTAS Reference Price**") is shown herein. See the 2014 AIF for further discussion.

OUTLOOK

The Corporation expects to execute a capital expenditure program in the range of \$18 to 20 million (net) in Turkey in 2015, focused on natural gas development in the Thrace Basin, contingent on the level of operating cash flow from the TBNG-PTI JV lands. The work program and budget aims to achieve the following key objectives in 2015, with some modification from earlier guidance reflecting an expected delay in the re-start of drilling and a weaker Turkish Lira:

- Offset natural declines and hold volumes approximately level with 2014 on the TBNG-PTI JV lands from a work program funded by operating cash flow;

- Pursue the shallow conventional gas play on Valeura's 100% owned and operated Banarli licence with new 3D seismic and drill an initial exploration commitment well as early as Q4 2015, contingent on the 3D seismic results and the Corporation's cash position at the time; and
- Seek a farm-in partner(s) to pursue the deep basin-centered gas play on the TBNG-PTI JV lands and Banarli.

(See advisories below regarding outlook disclosures)

The current planned work program on the non-operated TBNG-PTI JV lands in 2015 includes up to seven new drill wells (gross), dependent on partner approvals and the timing of the re-start of drilling. A seven well program would represent about a half rig-year of drilling activity. One well (Gurgen-3) was drilled in January and drilling is expected to resume by late June, subject to reaching agreement with partners on target locations, pace and participation levels given the current business environment. The planned program also includes a selective program of tight gas well re-entry fracs and workovers on conventional gas wells. Total capital expenditures in 2015 on the TBNG-PTI JV lands are budgeted in the range of \$9.0 to 10.0 million (net).

With respect to the program on the Banarli exploration licence, the planned 152 square kilometre 3D seismic program commenced on May 1, 2015 and the initial acquisition phase should be completed in late June. Seismic processing and interpretation is expected to be completed in September to position initial drilling as early as Q4 2015, contingent on the 3D seismic results and the Corporation's cash position at the time. It is expected that an initial exploration well would target the Osmancik formation and top of the Mezardere formation to a depth of approximately 2,500 metres. The cost to drill, complete and test an initial exploration well at Banarli is estimated at \$2.1 million and is included in the 2015 budget. Contingent funds of \$1.2 million are also included for a flow line to tie-in the well, contingent on drilling success and the ability to negotiate a transportation and marketing arrangement to tie-in production. Total capital expenditures at Banarli for the shallow gas play are budgeted in the range of \$9.0 to 10.0 million, including \$5.0 million for the 3D seismic.

ABOUT THE CORPORATION

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

OIL AND GAS ADVISORIES

When used herein, the term "boe" means barrels of oil equivalent on the basis of one boe being equal to one barrel of oil or NGLs, or 6,000 cubic feet of natural gas. Barrel of oil equivalent may be misleading, particularly if used in isolation. A boe conversion ratio of 6.0 Mcf to 1.0 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

The initial on-stream production rates disclosed in this news release are preliminary in nature and may not be indicative of stabilized on-stream production rates. Initial on-stream production rates are not necessarily indicative of long-term performance or ultimate recovery. To date, shallow gas conventional wells and fracked unconventional tight gas wells have exhibited relatively high decline rates at more than 50% and 75%, respectively, in their first year of production. All natural gas rates and volumes are presented net of any load fluids.

The reserve estimates provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein.

"Reserves" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on: (a) analysis of drilling, geological, geophysical, and engineering data; (b) the use of established technology; and (c) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates.

"Proved" or **"1P"** reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

"Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable (**"2P"**) reserves.

ADVISORY AND CAUTION REGARDING FORWARD-LOOKING INFORMATION

This news release contains certain forward-looking statements including, but not limited to: the Corporation's 2015 work program and budget, operational plans (seismic, drilling, fracking and workovers) and capital expenditures on the TBNG-PTI JV lands and the Banarli exploration licence; timing for the resumption of drilling in 2015 and the ability to offset declines and hold volumes approximately level with 2014 on the TBNG-PTI JV lands; the planned seismic and drilling program on the Banarli licences in 2015 and the associated timelines; the ability to negotiate a transportation and marketing arrangement with the TBNG-PTI JV to tie-in any successful well at Banarli; plans to perforate additional net pay in the Gorgen wells and the timing thereof; the availability of operating cash flow and the ability to finance development from existing cash and operating cash flow; tying-in new wells and getting these on-stream; the timing, estimated costs and ability to fund each of the foregoing; the plans to attract a farm-in partner to drill the deep, potential basin-centered gas play on the Banarli licences; the plans to attract a farm-in partner on the deeper horizons in certain of the TBNG-PTI JV lands; and, the ability to complete the conversion of TBNG-PTI JV exploration licences to new exploration licences or production leases under the new licencing regime in Turkey. 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 Corporation cautions readers and prospective investors in the Corporation'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 Corporation. Statements related to "reserves" or "contingent resources" are deemed forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources can be profitably produced in the future.

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 Corporation is operating and completing transactions; continued operations of and approvals forthcoming from the GDPA in a manner consistent with past conduct; future seismic, drilling, fracking and re-completion activity on the expected timelines; future production rates, capital efficiencies and associated cash flow; future capital and other expenditures (including the amount and nature thereof); future sources of funding; future economic conditions; future currency and exchange rates; and, the Corporation's continued ability to obtain and retain qualified staff and equipment in a timely and cost efficient manner. In addition, the Corporation's 2015 work program and budget are 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, fracking and other specialized oilfield equipment and service providers, changes in the operator's or other partners' plans and unexpected delays and changes in market conditions. Although the Corporation 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 significant degree of risk. A number of factors could cause actual results to differ materially from those anticipated by the Corporation including, but not limited to: risks associated with the oil and gas industry (e.g. operational risks in exploration, inherent uncertainties in interpreting geological data, and changes in plans with respect to exploration or capital expenditures, the uncertainty of estimates and projections in relation to costs and expenses, and health, safety, and environmental risks); uncertainty regarding the sustainability of initial production rates and decline rates thereafter; uncertainty regarding the availability of drilling rigs and equipment and the ability to address technical drilling challenges and manage water production; uncertainty regarding the state of capital markets; uncertainty regarding the amount of operating cash flow and the ability to reduce costs and achieve capital efficiencies; the risks of disruption to operations and access to worksites, threats to security and safety of personnel and potential property damage related to political issues, terrorist attacks, insurgencies or civil unrest; the risks of increased costs and delays in timing related to protecting the safety and security of Valeura's personnel and property; the risk of fluctuations in commodity pricing and BOTAS reference prices (denominated in Turkish Lira); the risk of fluctuations in foreign exchange rates, particularly the Turkish Lira, which has weakened in recent weeks; the uncertainty associated with negotiating with third parties in countries other than Canada; the risk of partners having different views on work programs and potential disputes among partners and service providers; the uncertainty regarding government and other approvals; potential changes in laws and regulations; 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 Valeura's 2014 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. Such financial outlook or future oriented financial information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

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

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