

VALEURA ENERGY TRADING UPDATE

Calgary, July 13, 2020: Valeura Energy Inc. (TSX:VLE, LSE:VLU) ("**Valeura**" or the "**Company**"), the upstream natural gas company focused on the Thrace Basin of Turkey, provides a trading update for the three-month period ended June 30, 2020. This is in advance of the Company's full financial and operating results which will be announced on August 12, 2020.

Value Proposition

As of June 30, 2020, the Company was in a strong financial position, with no debt and a cash balance of US\$30.7 million. Spending during the second quarter related to drilling two shallow exploration commitment wells and conducting testing operations on the Devepinar-1 well in the deep gas play. The Company continues to manage its capital and operating costs aggressively to protect Valeura's strong net cash position.

The Company's cash value is over 50% higher than its current market capitalisation, which is approximately US\$20.0 million¹. As a result, management believes Valeura shares offer compelling value based on:

- Cash of US\$30.7 million at June 30, 2020;
- A producing conventional shallow gas business in a strong gas price market with externally evaluated NPV₁₀ of US\$23.8 million at December 31, 2019, based on after-tax value of 1P reserves;
- Upside value attributable to its unconventional deep gas play; and
- The expectation that inorganic opportunities such as mergers and acquisitions will play a role in the Company's growth, as the Company seeks to leverage its strong financial position.

Ongoing production operations

Second quarter 2020 production averaged 521 boe/d, comprised primarily of gas produced from the Company's ongoing conventional shallow gas programme. This is a decrease of 27% over the prior quarter, reflecting lower natural gas demand from its customer base due to the combined impact of a reduction in local industrial activity in light of the COVID-19 pandemic and national holidays in Turkey. Toward the end of the quarter, economic activity and gas demand had begun to ramp up as Turkey's lockdown restrictions reduced, resulting in production increasing by 40% in June, compared to the lower rates experienced in May.

Price realisations in the second quarter were effectively unchanged from the first quarter on a Turkish Lira basis and averaged US\$6.24 per thousand cubic feet ("Mcf"), reduced from the prior quarter by 12%, reflecting a strengthening US dollar in relation to the Lira. Effective July 1, 2020 the Government of Turkey lowered the natural gas reference price in Turkish Lira by 10%.

Operations in Turkey are returning to normal with COVID-19-related restrictions being eased. Valeura personnel have resumed both office and field work arrangements and the Company is preparing to resume production enhancement work, including workovers and production testing of its two recently drilled shallow exploration commitment wells. Wireline logs indicate that both wells encountered gas zones.

Continuing deep gas appraisal

The Company is pleased that on July 1, 2020, the Government of Turkey announced the extension of Valeura's three exploration licenses at Banarli and West Thrace until June 27, 2022. This is the first of

up to three possible two-year extensions providing a period of up to six additional years to explore and appraise the deep play before the requirement to convert the licences to production leases. This first licence extension period carries an obligation to drill a well on each license. These commitments can be fulfilled by either deep appraisal wells or shallow exploration or production wells.

During the second quarter Valeura resumed production testing of the Devepinar-1 well in which the Kesan Formation had been previously stimulated at three depths between 4,640 and 4,765 metres. This zone flowed gas to surface over a cumulative total of 41 days, producing an aggregate 28.6 MMcf of natural gas, of which approximately 75% was produced into the Company's infrastructure and sold to customers. The well's average initial production rate over 30 days (IP-30) was 890 Mcf/d, and over the course of the test period, declined to approximately 170 Mcf/d for the final 7 days of flow. Testing and evaluation of this section in the well has now been completed and the well has since been shut in. Pressure build up data will now be acquired to assist in interpretation.

Based on the new Devepinar-1 flow test data which was tested deep with the Kesan Formation, the Company is continuing studies to identify sweet spots for the play where higher porosity reservoir, which is normally encountered in the top approximately 300m of the Kesan Formation, is coupled with enhanced natural fracturing to yield a higher sustained gas flow rate. Refined 3D seismic interpretation, petrophysical analysis and reservoir modelling work will be used to build an inventory of potential locations for future vertical and horizontal appraisal drilling.

Valeura will seek a new partner to participate in the play, for a programme which will target additional deep appraisal wells, stimulation, and testing.

Growth Strategy

The Company is evaluating several potential inorganic growth transactions, including mergers and acquisitions, and has engaged RBC Capital Markets to support certain of these opportunities. Management believes the conditions are favourable for inorganic growth to play a significant role in the forward strategy as the current market environment is generating a flow of new deal opportunities which the Company is well-positioned to pursue given its enviable financial position.

¹ Based on June 30, 2020 TSX closing price of C\$0.315/share and C\$/US\$ exchange rate of 0.7367

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Oil and Gas Advisories

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

Reserves

Reserves disclosure in this announcement is based on an independent reserves evaluation as at December 31, 2019 conducted by DeGolyer and MacNaughton in its report dated February 25, 2020, 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 Activities ("NI 51-101"). Additional reserves information as required under NI 51-101 is included in the Company's 2019 AIF filed on SEDAR. The forecast prices used to calculate reserves value are \$7.53/Mcf for natural gas and \$65.77/bbl for light and medium crude in 2020, and these prices both escalate at 2% per year going forward. This natural gas price forecast is for the TBNG assets, and the realised price for the Banarli assets is approximately 97% of this price. More details on prices are included in the Company's 2019 AIF filed on SEDAR.

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 timing for announcement of financial and operating results; management's belief that the Valeura shares offer compelling value, the expectation that the Company will conclude a merger or acquisition deal; the Company's remaining work programme obligations; the Company's ability to find another partner for the deep unconventional gas appraisal programme; and the potential for inorganic opportunities to play a role in the Company's growth.

Forward-looking information is based on management's current expectations and assumptions regarding, among other things: the resumption of operations following the COVID-19 pandemic; 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; continued operations of and approvals forthcoming from the Turkish government in a manner consistent with past conduct; future drilling activity on the required/expected timelines; the prospectivity of the Company's lands, including the deep potential; 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 licences and leases; the ability to attract a new partner in the deep play; the ability to identify attractive merger and acquisition opportunities to support growth; 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, 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 further disruptions from the COVID-19 pandemic; the risks of currency fluctuations; changes in gas prices and netbacks in Turkey; potential changes in joint venture partner strategies and participation in work programmes; uncertainty regarding the contemplated timelines and costs for the deep evaluation; the risks of disruption to operations and access to worksites; 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 new release is expressly qualified in its entirety by this cautionary statement. See the 2019 AIF 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"). 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.

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