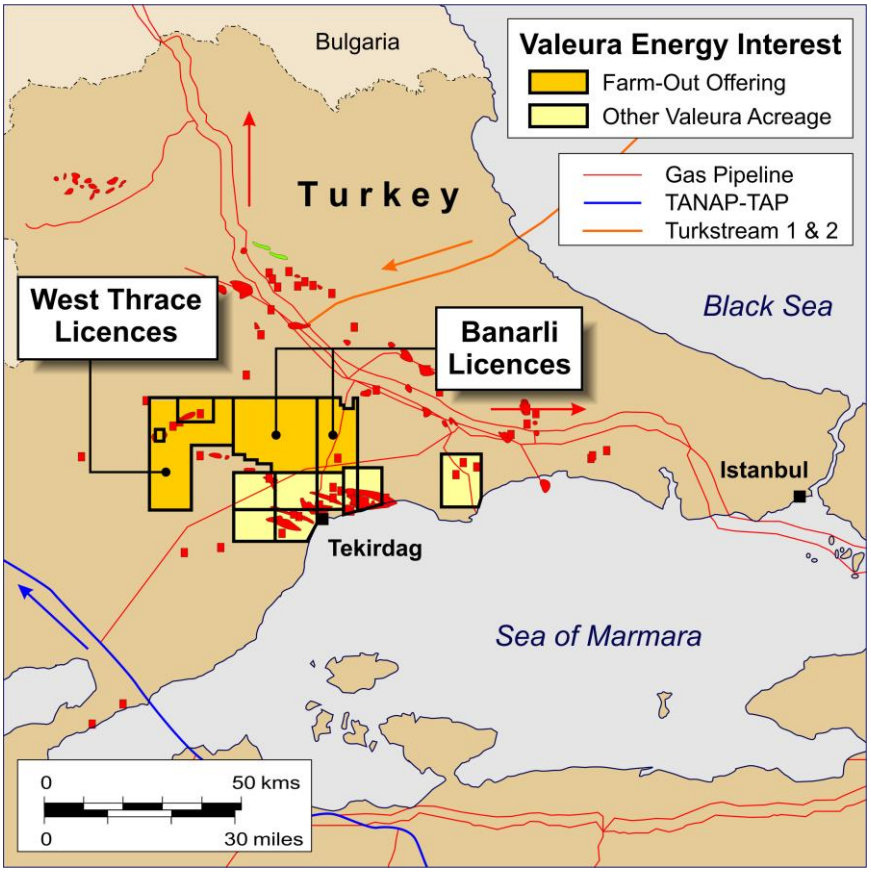
Onshore Turkey

Thrace Basin

Farm-Out of Interest

INTRODUCTION

Valeura Energy Inc. ("Valeura") is offering a select group of companies the opportunity to acquire interest in the deep rights of the Banarli (Deep) and West Thrace (Deep) Exploration Licences and Production Leases, located in the proven gas-bearing Thrace Basin, onshore Turkey. Valeura is operator of each licence area and is seeking a co-venturer(s) to join it in the continued appraisal of this multi-Tcf unconventional gas play within these large, highly prospective blocks.



Banarli (Deep) and West Thrace (Deep) Location Map

Key features of this opportunity:

- ***Drilling to date has demonstrated extensive gas-charged reservoir with a substantial GRV of circa 1,700 km^3, over 37 Tcf of GIIP and total recoverable gas resources of 20 Tcf (gross);***
- ***Drill-ready Hanoglu-1 appraisal well aiming to unlock 2.8 Tcf of gross recoverable gas resources within the 221 km^2 sweetspot area of the pervasive, gas charged Upper Kesan reservoir;***
- ***Proximal gas infrastructure feeding strong domestic gas market, with total gas demand of circa 4.7 Bcf/d, and 99% of gas currently imported;***
- ***High realised natural gas price of more than USD 6/Mscf;***
- ***Favourable fiscal terms (12.5% Royalty & 22% tax) and supportive government.***

BACKGROUND

Through its wholly-owned subsidiaries, Valeura has executed a number of commercial transactions, resulting in operated interests in 17 production leases and exploration licences in the Thrace Basin, including interests in the offered target licences – the Banarli (Deep) and West Thrace (Deep) Exploration Licences and Production Leases.

Shortly after Valeura's entry to the Thrace Basin, the Company identified the potential for unconventional tight gas play in the centre of the basin. In 2017, the target licences were split to create shallow and deep rights holders. In doing so, the shallow conventional production was separated from the deep unconventional tight gas play fairway. The deep rights are defined by a depth of 2,500 m or a pressure gradient of 0.6 psi/ft, whichever is shallower.

A summary of the Valeura's acreage on offer is shown below.

	Banarli (Deep)	**West Thrace (Deep)**	
	Exploration Licences (F18-C & F19-d1-d4)	**Exploration Licence (F18-d1,d2,d4)**	**Production Leases (2926, 3659 & 5122)**
Licensees	VENBV* (100%) - Operator	VENBV* (63%) – Operator PTI** (37%)	VENBV* (63%) - Operator PTI** (37%)
Period Expiry	27th June 2022 (both)	27th June 2022	16th February 2030 (2929) 8th June 2027 (3659) 15th November 2029 (5122)

**VENBV – Valeura Energy (Netherlands) BV, wholly-owned subsidiary of Valeura;*
*** PTI – Pinnacle Turkey Inc., West Thrace JV partner.*

EXPLORATION HISTORY

The Thrace Basin has a long-proven petroleum system. Since the first hydrocarbon field in the Thrace Basin was discovered in 1934, approximately 80 oil and gas fields have been discovered and the basin has been penetrated by over 1,200 wells.

Much of the historical drilling and all of the production in the Thrace Basin has focussed on conventional, normally pressured plays on structural or fault-bounded highs. However, Valeura, via nine operated and four existing wells, has successfully identified and tested the potential for an unconventional tight gas play in the centre of the basin.

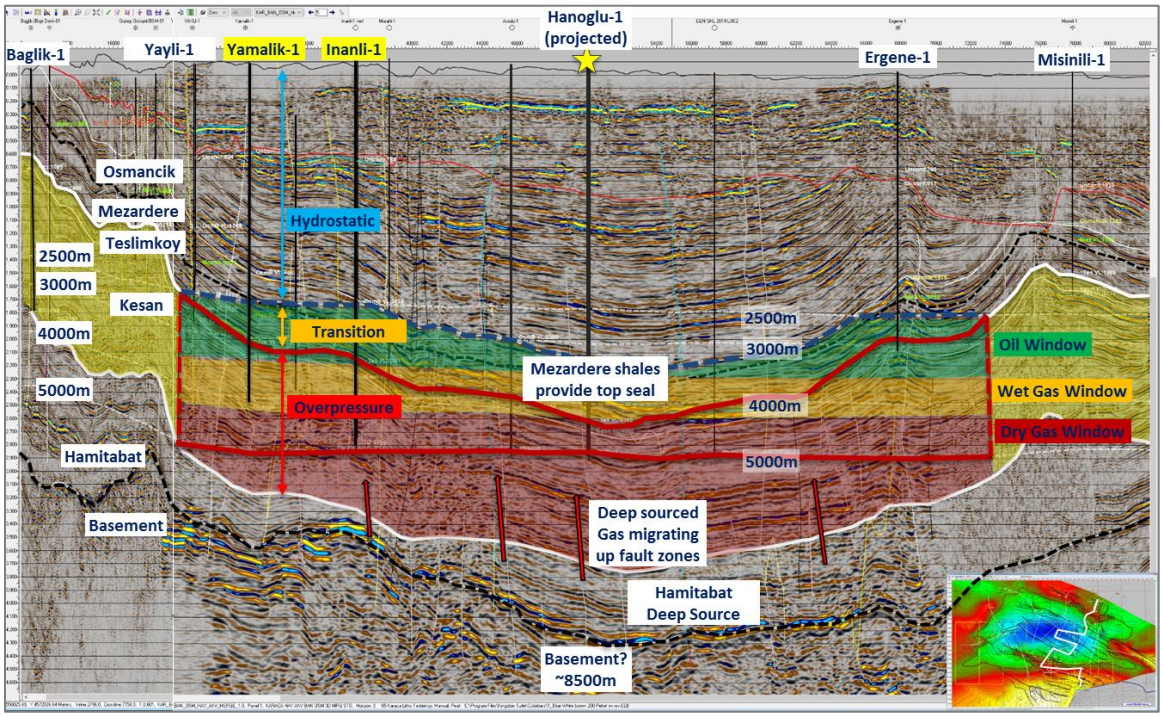
During the most recent drilling campaign (2017-2020), Valeura operated three wells which successfully tested and demonstrated that there is significant gas in place that is pervasive across this basin. All wells have achieved gas flow from multiple zones after stimulation, several of which approach commercial rates when extrapolated to a horizontal development well.

DEEP TIGHT GAS PLAY

Valeura has now incorporated learnings from the recent appraisal wells to create criteria that define the most prospective drill areas for the next phase of appraisal. Production testing to date indicate that the best gas flow rates are expected in areas where the highest reservoir quality, as encountered in the Upper Kesan Formation, overlaps with the dry gas maturity window. Reservoirs within the dry gas window yield the best gas flow rates because of low condensate-gas ratios and generally little or no water. Additionally, areas with enhanced natural fracturing have been mapped and are expected to further support achieving the highest commercial flow rates.

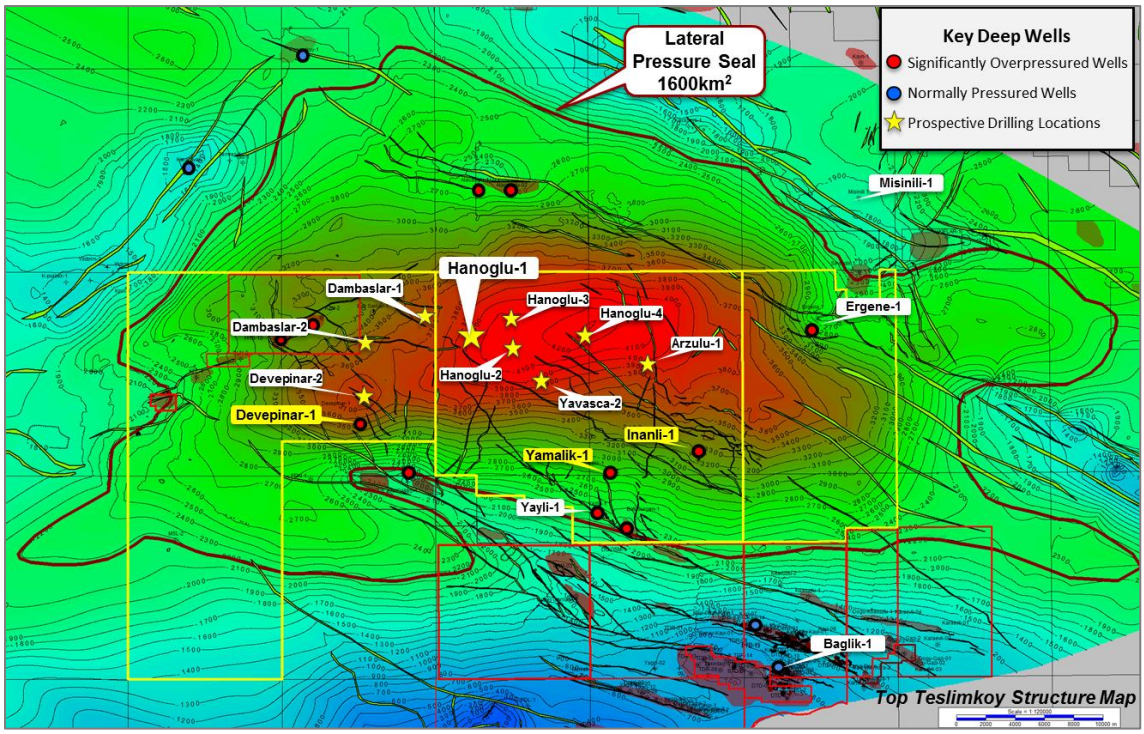
The high net-to-gross Late Eocene Kesan/Teslimkoy turbidite sandstones are the primary reservoir. The top 300 m of the Kesan/Teslimkoy has been identified as the primary sweetspot for the reservoir where higher porosity is best preserved, with core and petrophysical analysis indicating

porosities of 5 to 10%. Additionally, natural fracture networks have been identified at a range of scales, which enhances both reservoir porosity and permeability.



Deep, Tight Gas Play Fairway

Valeura has identified a hydrocarbon sweetspot where the Upper Kesan source rocks are buried within the dry gas window (below ~4000 m). This occurs over a larger area in the basin centre. Additionally, gas analysis from the recent wells suggests that a secondary gas source is present in some areas/depths from the deeper, proven Hamitabat shales. This gas has migrated up deep seated faults to directly access the Kesan sandstone reservoirs.



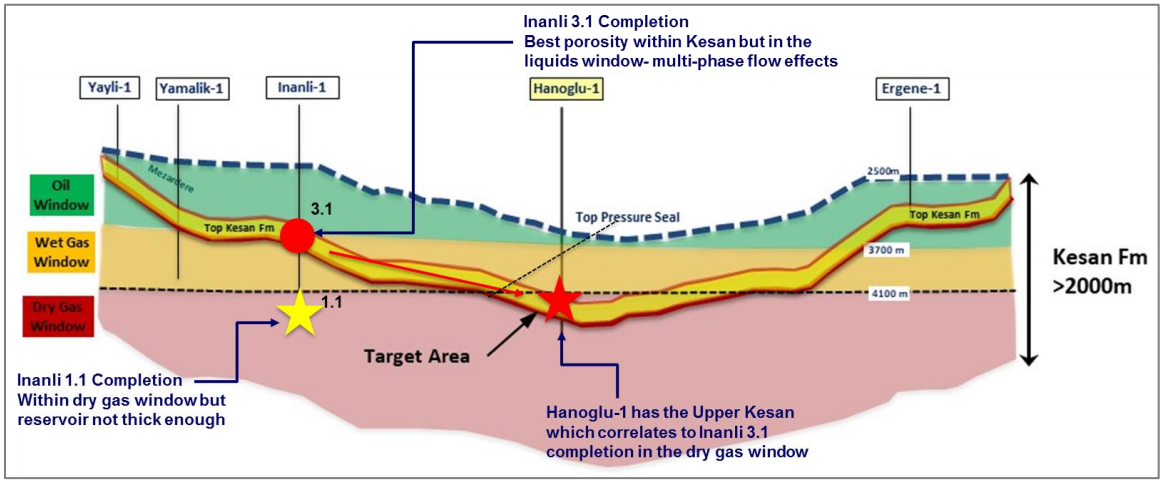
Top Teslimkoy Structure Map

Over-pressured reservoirs, ranging between 0.7 to 0.9 psi/ft, have been observed in eleven wells. The regional lateral pressure seal is defined by separating the normal hydrostatic pressured wells (on the structural highs) from the over-pressured wells and is mapped to show a broad 1,600 km^2 areal extent. The thick, regionally extensive Mezardere shale provides a top seal to the over-pressured zone.

HANOGLU-1 APPRAISAL TARGET

Hanoglu-1 will target the top 300 m of the laterally extensive Upper Kesan/Teslimkoy reservoir at the optimum site to encounter extensive reservoir within the 221 km^2 dry gas transition zone, and at an orientation favourable to high levels of critically stressed fracturing.

The Hanoglu-1 appraisal well will access over 40 km^3 GRV reservoir which is estimated to contain 5.5 Tcf of GIIP (gross) and can yield a total recoverable gas resource of 2.8 Tcf (gross).



Hanoglu-1 Sweetspot Schematic

Once successful at the Hanoglu Area, Valeura would seek to unlock the remaining 17.2 Tcf in gross recoverable gas resources across its acreage. Secondary sweetspot targets have been identified from the Lower Kesan (7.1 Tcf) and Deep Kesan (3.0 Tcf) that are buried within the gas window, and where natural fracturing enhances porosity and permeability. Additionally, shallower targets within the Upper and Middle Kesan (4,000 m) could add a further 7.1 Tcf in gross recoverable gas resources.

FORWARD WORK PROGRAMME

The forward work programme consists of the drilling of a new vertical appraisal well in the Hanoglu Area to test the primary and secondary sweetspot targets of the Thrace Basin unconventional gas play. This will be followed by the drilling of a horizontal appraisal well in the most attractive stratigraphic zone, which would evaluate the commercial productivity of the reservoir. The next step would be an early production pilot of approximately four horizontal wells from a single drill pad.

The primary objective of the Upper Kesan sweetspot can be achieved with the drilling of a vertical appraisal well. Valeura has identified a location at Hanoglu-1 with a TD of 4,470 m.

The secondary objective (target) of the Lower Kesan sweetspot can be achieved by deepening the Hanoglu-1 well or an alternative vertical appraisal location to a depth of 5,000 m.

The latest single appraisal well cost estimate is approximately USD 14 million, which includes drilling to 4,470 m and stimulating and flow testing the objective formation. Valeura ties all wells into its gas infrastructure pre-testing and gas produced during the test is sold to their customers.

FARM-OUT PROCESS

Stellar Energy Advisors has been appointed as advisor to Valeura for this farm-out. Access to confidential data including an Information Memorandum will be possible upon execution of a Confidentiality Agreement. A virtual data room will be available for review of all relevant data.

Valeura is nominally offering up to half its working interest in the Banarli (Deep) and West Thrace (Deep) Exploration Licences and Production Licences, in exchange for funding the appraisal of the deep unconventional gas play. The immediate appraisal programme consists of drilling the Hanoglu-1 well to test commercial flow rates of the identified sweetspot targets.

A successful offeror will be required to negotiate and enter into a Farm-In Agreement shortly after acceptance of its offer and, thereafter, to complete the transaction as provided therein. Valeura maintains the right to cancel or modify the farm-out process at any time.

CONTACTS

An Information Memorandum is available for examination. Parties interested in receiving this Information Memorandum should sign and return the Confidentiality Agreement attached hereto. Requests for further information should be addressed exclusively to the following at Stellar:

Tom Perkins
tomperkins@stellarlimited.com
Phone: +44 (0) 20 7493 1977
Fax: +44 (0) 20 7493 6226

Gary Laing
garylaing@stellarlimited.com
Phone: +44 (0) 20 7493 1977
Fax: +44 (0) 20 7493 6226