SIFTER RESEARCH

Valeura Energy Inc.

TSX: VLE

Four Fields. One Basin. One Thesis.

A Cash-Generative Oil Producer Building for the Long Run.

Price (Mar. 23, 2026)	**C$13.76 (US$10.05)**	Long-Term Debt	**Zero**	Exchange Rate Used	**1 USD = 1.370 CAD**
Market Cap	**C$1,453M (US$1,061M)**	Shares Outstanding	**105.6M**	EV (Dec-31-2025 net cash)	**~US$755M**
Valuation Oil Price	**US$100/bbl (base, Dubai)**	EV / EBITDA (TTM)	**~2.5x**	ROA (TTM)	**2.6%**
Cash (Dec 31, 2025)	**US$306M**	Wassana CPP First Oil	**Q2 2027**	Oil Production (FY2025)	**23,242 bbls/d**

EV = market cap of US$1,061M (C$1,453M, 105.6M shares at C$13.76) minus Dec 31, 2025 net cash of US$306M = ~US$755M. EV/EBITDA based on FY2025 Adj. EBITDA of US$300.4M per Q4 2025 MD&A = ~2.5x. At current oil prices (Brent ~US$100/bbl, Dubai at further premium), forward multiples compress materially. NAV (2P NPV10 after tax + cash) = US$997.7M ≈ C$13/share per NSAI Dec 31, 2025 report. All monetary figures in USD unless labelled C$.

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Prepared exclusively from public filings, AIF, audited financial statements, MD&As, corporate presentations, and NSAI independent reserves reports.

This report is for informational purposes only and does not constitute investment advice.

I. THE BUSINESS IN PLAIN LANGUAGE

"If you can't explain it to a child, you don't understand it."

Valeura Energy produces oil. It operates four producing fields in shallow water in the Gulf of Thailand, lifts crude onto vessels and sells it to refiners at prevailing market prices. That single sentence covers the entirety of the company's economic engine today.

The rest of the story is what makes the business unusually interesting: a management team that has quietly assembled the second-largest oil production position in Thailand in under three years, rebuilt every field it acquired, replaced reserves at nearly 200% for three consecutive years and accumulated US$306 million in cash with no debt, all while most of the investment community has never heard of the company.

Four Fields, One Geography, One Product

All of Valeura's production comes from shallow water offshore Thailand, in the Gulf of Thailand. The company operates four producing licences: Jasmine/Ban Yen (Licence B5/27, 100% working interest), Nong Yao (Licence G11/48, 90% working interest), Manora (Licence G1/48, 70% working interest), and Wassana (Licence G10/48, 100% working interest). Together they produced an average of 23,242 barrels of oil per day (bbls/d) in 2025, representing roughly 7% of Thailand's total liquid hydrocarbon output. The Company is listed on the Toronto Stock Exchange under the symbol VLE and also trades OTC under VLERF. It is incorporated in Alberta, Canada, with its operational headquarters in Singapore.

Thai crude is sold in individual cargoes of approximately 200,000 barrels each. The price is negotiated parcel by parcel, referenced to the Dubai crude oil benchmark at the time of lifting. Historically, Thai crude trades at a slight premium to Dubai: Valeura has averaged a US$1.95/bbl premium to Brent and a US$2.38/bbl premium to Dubai across its operating history. In the current macro environment, where Dubai crude is trading at an unusually large premium to Brent due to supply disruptions tied to the US-Israel-Iran conflict, this benchmark exposure is acutely favourable. At March 2026 prices, Brent is above US$100/bbl and Dubai is pricing at a significant further premium. Valeura is selling Thai crude into that environment.

The four fields are at different stages of their production life. Nong Yao is the largest producing asset, averaging 9,818 bbls/d in 2025 following a major 10-well drilling campaign completed in Q3 2025. Jasmine/Ban Yen is the most mature, but continues to deliver above-expectations performance at 8,115 bbls/d: nine wells drilled in late 2025 pushed production to approximately 9,000 bbls/d in the first 10 days of March 2026. Manora, at 2,138 bbls/d, is the smallest field but recently demonstrated continued resource potential via a successful three-well campaign in early 2026. Wassana, at 3,171 bbls/d currently, is the most transformational opportunity: it is undergoing a full field redevelopment that will more than double its production rate to 10,000 bbls/d when a new central processing platform (CPP) comes online in Q2 2027.

The table below summarises the four producing assets:

Field	License	Working Interest	2025 Avg. Production (bbls/d)	Key Development
Jasmine/Ban Yen	B5/27	100% op	8,115	Most mature field; continuous infill drilling extends field life.
Nong Yao	G11/48	90% op	9,818	Largest asset; Nong Yao D discovery and Northeast fairway to be developed.
Manora	G1/48	70% op	2,138	Small but resilient asset with a successful 2026 three-well campaign.
Wassana	G10/48	100% op	3,171	Redevelopment underway; CPP 56% complete, first oil expected in Q2 2027, targeting 10,000 bbls/d.

How Does Valeura Get Here? The Acquisition Story

Understanding Valeura today requires understanding its origin. As recently as April 2022, Valeura was a small Canadian company with no oil production whatsoever, it held an exploratory gas position in the Thrace Basin of Türkiye and a thin track record. Between April 2022 and March 2023, in under twelve months, the management team executed two transformational acquisitions in Thailand: the KrisEnergy Thailand acquisition (closed June 2022), which brought the Wassana field and two licences; and the Mubadala Acquisition (closed March 2023), which added Jasmine, Nong Yao and Manora. Combined acquisition cost: approximately US$55 million, a figure that looks extraordinary in retrospect given that the portfolio has since generated over US$550 million in cumulative cash flow from operations.

Both acquisitions were opportunistic.

KrisEnergy had filed for bankruptcy; Mubadala was a large sovereign wealth fund exiting non-core upstream positions. Valeura's management, led by CEO Sean Guest (former executive at Salamander Energy and Premier Oil, with deep Southeast Asia experience), identified a structural market dislocation: the Gulf of Thailand had become undervalued because the pool of credible, operationally-capable buyers had shrunk dramatically. Majors had exited the region. Local Thai operators lacked the capital markets access to transact at scale. A small but highly capable international team with sector relationships could acquire quality assets at distressed prices and then operate them competitively. That thesis has proved correct.

Since completing the acquisitions, Valeura has rebuilt every field it acquired. End-of-field life has been extended by five to fourteen years across the four fields relative to where they stood when Valeura took over at end-2022. Reserves have been replaced at approximately 200% per year for three consecutive years, meaning the company has added, organically,

nearly twice as much oil as it has produced. The 2P reserves base has grown from approximately 29 mmbbls at acquisition to 57.8 mmbbls as of December 31, 2025, even after deducting three years of production.

Who Buys This Oil and Why?

Thai crude is bought by refiners (primarily in Asia) who are configured to process medium-gravity sour crudes. Valeura's Jasmine, Nong Yao and Manora fields produce light to medium crude (low sulphur, 35-40 degree API), which commands a premium in Asian markets where refineries are calibrated for heavier Middle Eastern grades. Wassana produces heavy oil (approximately 22 API), which is blended with lighter crude in the same cargo and sold as a blended product.

Crude oil is a commodity. No buyer pays a premium for Valeura's barrels over equivalent-spec crude from any other producer. The company has no pricing power in the franchise sense. Its economic advantage is entirely upstream: it lies in the cost structure and in the reserve life, not in any customer relationship or proprietary distribution channel. The correct analytical framing, therefore, is not "what is the company's brand?" but "at what cost per barrel does the company lift crude and how does that compare to the prevailing selling price?" In 2025, Valeura's adjusted opex was US$26.3/bbl and its average realized price was US$70.2/bbl, a lifting margin of US$44/bbl before royalties and taxes. At current oil prices, that margin is materially wider.

What Does the Business Look Like in Five Years?

The five-year picture is directionally clear and unusually well-defined for a company of this size. The primary reason is that the most important capital project, the Wassana field redevelopment, has already been sanctioned, already under construction (56% complete as of March 2026), is on a fixed-price contract and has a firm first-oil target of Q2 2027. This is not exploration. The CPP platform exists as steel in a fabrication yard. The project is an engineering execution, not a geological bet.

By end-2027, assuming the Wassana CPP delivers on schedule, Valeura's producing portfolio will look materially different from today. Wassana production moves from approximately 3,000 bbls/d to approximately 10,000 bbls/d. The new CPP is designed with two risers for satellite field tie-backs, meaning Wassana becomes a hub capable of processing production from Wassana North, Niramai and other accumulations identified on the G10/48 block that currently have no route to production. The field's economic life extends to 2042 versus the approximately 2028 it was trending toward prior to the redevelopment decision.

The PTTEP farm-in agreement, signed July 2025 and awaiting Thai government approval, is the second major medium-term catalyst. Subject to approval, Valeura earns a 40% non-operated working interest in Blocks G1/65 and G3/65, expanding its gross acreage from 2,623 km² to 22,757 km², a tenfold increase. This brings access to the Bussabong gas discovery (FID expected 2026, first gas 2028), the Nong Yao Northeast oil fairway and multiple additional exploration targets in a block that PTTEP, Thailand's national oil company, has already invested years developing. Critically, none

of the contingent resources from these blocks are included in Valeura's current 2P reserves or NAV, they represent incremental upside, not the current base case.

In five years, a fully-executing Valeura is producing 25,000-30,000 bbls/d from its existing four fields (aided by the Wassana CPP step-change), with material incremental production potentially coming online from the PTTEP blocks. Cash generation at US$70/bbl oil would comfortably exceed US$250 million per year. At US$100/bbl, the figure is significantly higher. The balance sheet, already at US$306 million net cash with no debt as of December 31, 2025, continues to strengthen. The strategic logic of being a well-capitalised, infrastructure-owning operator in a region with few credible acquirers becomes more, not less, valuable as time passes.

Türkiye, currently a small exploratory position in the Deep Gas Play of the Thrace Basin, has been handed to Transatlantic Petroleum via a joint venture agreement (October 2025). Transatlantic is fully carrying Valeura through two phases of activity including the re-entry and testing of the Devepinar-1 well, currently underway. For modelling purposes, this is a fully-carried option on a potentially material gas resource. Zero cost to Valeura, non-trivial upside if successful.

II. THE MOAT: INFRASTRUCTURE, OPERATORSHIP AND THE REINVESTMENT MACHINE

"A castle without a moat is just a building waiting to be besieged."

Oil production is a commodity business. Valeura cannot charge a premium for its barrels. There is no brand, no switching cost, no network effect, no customer lock-in. A conventional moat analysis applied to Valeura with a consumer-goods or software-sector framework would conclude, correctly, that there is no franchise moat. The analytical error would be to stop there.

The relevant competitive advantages in upstream oil are different in kind from those in consumer or technology businesses. They are: cost position (measured in lifting cost per barrel, which determines profitability across commodity price cycles), reserve life (measured in years of production at current or forecast rates, which determines longevity), infrastructure ownership (which determines whether per-barrel costs are fixed and declining or variable and increasing) and organisational capability (which determines whether management can replicate the process of finding and developing oil at high rates of return). Valeura has a demonstrable, quantifiable advantage in all four. The following sections examine each.

The Cost Advantage: US$26/bbl in a US$70/bbl World

Valeura's adjusted operating cost was US$26.3/bbl in 2025. This is the fully-loaded cash cost per barrel of production, including the lease costs of the FPSO and FSO vessels deployed across the portfolio. At the 2025 average realised price of US$70.2/bbl, the pre-royalty, pre-tax lifting margin was approximately US$44/bbl, a 63% operating margin on a per-barrel basis. At current oil prices (Brent above US$100/bbl, Dubai at a further premium), the margin is substantially wider.

What drives the low cost? Three factors.

First, shallow water operations are inherently less expensive than deepwater: water depths in the Gulf of Thailand are typically 60-80 metres, requiring simpler infrastructure than the 1,000-3,000 metre deepwater operations that dominate West Africa and Brazil.

Second, Valeura owns or has purchased key infrastructure across its portfolio rather than leasing it from third parties, the Nong Yao FSO was purchased outright for US$19 million in June 2024, the Manora FSO was acquired for US$15.5 million in January 2026. Ownership converts variable lease costs into fixed depreciation, reducing opex per barrel as production scales.

Third, the portfolio benefits from operational integration: one drilling rig on contract for the full year, shared logistics, shared management overhead across four adjacent fields. The marginal cost of adding a well to the portfolio is lower than the marginal cost of a standalone operation.

The cost structure has been stable and disciplined. Adjusted opex per barrel was US$25.7/bbl in 2024 and US$26.3/bbl in 2025, a de minimis 2% increase despite the full-year impact of the Nong Yao MOPU lease (which only partially impacted 2024) and a Wassana underwater inspection project in Q4 2025. For context, the average lifting cost for shallow water oil producers in Southeast Asia is in the US$25-35/bbl range. Valeura is at the low end of that range and getting lower as it converts leases to owned assets.

The Reserve Replacement Machine: Three Consecutive Years at ~200%

The single most unusual fact about Valeura's operating record is its reserve replacement ratio. In 2023, 2024 and 2025, Valeura replaced produced reserves at approximately 200% on a 2P basis. Put differently: for every barrel of oil it lifted and sold, it added two new barrels to its booked reserve base. Over three years, the Company produced approximately 24 million barrels and added approximately 53 million barrels of new 2P reserves entirely organically, without acquisition.

This is not routine for a mature shallow-water producer. The typical trajectory of an acquired producing portfolio is gradual reserve depletion as the asset owner runs it for cash. Valeura has done the opposite. The mechanism is drilling-led: systematic infill campaigns across each field identify unswept oil accumulations in known reservoirs, extend the production envelope of existing fields and push back end-of-field-life dates.

As of December 31, 2025, every single field in Valeura's portfolio has had its economic field life extended relative to where it stood when the Company acquired it in 2022-2023:

- Jasmine/Ban Yen: extended by approximately eight years.
- Nong Yao: extended by approximately six years, with the Nong Yao D discovery in 2024 and the Nong Yao Northeast fairway (in the new PTTEP blocks) representing further undeveloped upside.
- Manora: extended by approximately five years.
- Wassana: extended by approximately fourteen years, from a projected end-of-field-life around 2028 to 2042, driven by the redevelopment project and the associated expansion of the resource base.

Independently certified by NSAI (Netherland, Sewell and Associates Inc., one of the world's leading petroleum engineering firms), 2P reserves as of December 31, 2025 stand at 57.8 million barrels, the highest in the company's history. The 2P NPV10 before tax is US$871.9 million. The 2P Reserves Life Index (RLI) is 7.5 years, also a company record and growing year on year. A RLI that is increasing while production is maintained is rare and significant: it means the company is finding oil faster than it is spending it.

Infrastructure Ownership: The Hidden Moat

The Gulf of Thailand shallow-water sector operates via floating production storage and offloading (FPSO) vessels, floating storage and offloading (FSO) vessels and mobile offshore production units (MOPU) that process, store, and

offload crude at each field. The standard industry model is to lease these assets from vessel owners under long-term charter contracts, capital-light for the operator, but with variable and often escalating costs over time.

Valeura has systematically chosen to own, not lease, key infrastructure assets wherever economically justified. This is a strategic choice with a quantifiable economic rationale. The Nong Yao FSO (Aurora), purchased for US$19 million in June 2024, replaced a lease contract. The Manora FSO system, acquired for US$15.5 million in January 2026, did the same. Ownership eliminates the counterparty risk of a vessel owner choosing not to renew or repricing on renewal, converts variable opex into fixed depreciation and captures the residual value of the asset at end-of-field-life or in alternative deployment.

This infrastructure ownership strategy creates what might be called a modest but real structural advantage: as the regional market for shallow-water Gulf of Thailand production tightens with fewer operators, fewer vessels and consolidating ownership, Valeura's owned infrastructure becomes more valuable, not less. The PTTEP farm-in deal is the purest expression of this logic: PTTEP, Thailand's national oil company with 60% working interest in Blocks G1/65 and G3/65, chose Valeura as its partner specifically because Valeura owns infrastructure that can accelerate development of discovered resources on adjacent blocks at a fraction of standalone development cost.

Infrastructure ownership is the moat. The PTTEP deal is its commercial expression.

The Organisational Advantage: M&A at Distressed Prices, Operations at Premium Standards

The subtler competitive advantage is organisational: a management team with demonstrated ability to identify, acquire, and operate upstream assets in Southeast Asia at returns on capital that consistently exceed the cost of capital.

The evidence base for Valeura's organisational advantage is specific and verifiable. Both original acquisitions, KrisEnergy Thailand (June 2022) and Mubadala Thailand (March 2023), were completed at prices that now appear extraordinarily cheap: combined consideration of approximately US$55 million for a portfolio that generates over US$250 million in annual operating cash flow. The pricing reflected distress on the seller side (KrisEnergy bankruptcy, Mubadala portfolio rationalisation) and a thin buyer pool on the Valeura side. Management's assessment that the buyer pool was thin (that no major, no credible NOC, and no other capable independent would compete for these assets at the time) was a genuine insight, not ex-post rationalisation.

Since the acquisitions, management has consistently demonstrated cost discipline and operational competence. Adjusted opex has been held below US$27/bbl across two full operating years despite integrating new assets, absorbing MOPU lease costs and funding a sustained drilling programme. The Wassana redevelopment is being delivered on a fixed-price contract, on schedule and on. The 2026 Nong Yao production acceleration decision, immediately committing US$7 million to add four well slots at the field following the oil price spike in early 2026, is the kind of opportunistic, return-on-capital-driven decision that characterises operators who think like owners.

The management team is anchored by CEO Sean Guest and CFO Yacine Ben-Meriem, appointed in May 2023. Executive and Board ownership stands at approximately 6.3% of shares outstanding, meaningful but not controlling.

Baillie Gifford (17.5%) and Thoresen Thai Agencies (TTA, 16.5%) are the two largest external shareholders; Baillie Gifford's presence is noteworthy as the Edinburgh-based fund manager has a well-documented preference for long-duration compounders and does not hold positions speculatively. TTA's strategic holding reflects both financial interest and regional operational relationships.

Is the Moat Widening or Narrowing?

The correct answer is that it is widening, but unevenly and subject to execution risk on two fronts. The cost advantage is stable and marginally improving as infrastructure ownership reduces variable lease costs. The reserve base is growing faster than production, as the 192% 2025 RRR confirms for the third consecutive year. The infrastructure ownership position is deepening with each FSO acquisition and with the Wassana CPP build.

The two risks that could narrow the moat are field maturity and PTTEP-block timing. Jasmine, the most mature field, is at a stage where sustained infill drilling is required to hold production flat, it is not a natural declines business but a managed-decline-with-intervention business. The evidence to date, nine wells drilled in late 2025 pushing production to approximately 9,000 bbls/d, suggests the intervention is working. But the geological question of how much recoverable oil remains in Jasmine's reservoirs beyond the current 2P estimate is genuinely uncertain. On the PTTEP blocks, government approval of the farm-in has not yet been received as of this report's date. If approval is delayed significantly or ultimately denied, the acreage expansion thesis requires revision, though it would not alter the core value of the four existing fields.

Overall: Valeura today has a more defensible competitive position than it did twelve months ago. The Wassana CPP is under construction. The PTTEP partnership is signed. The FSO acquisitions are complete. The cash balance is at a record. The moat is wider and the business is more resilient to oil price cyclicality than it was at acquisition, both because the reserve base is larger and because the cost structure is lower. That is the definition of moat widening.

III. INDUSTRY STRUCTURE & COMPETITIVE LANDSCAPE

"Porter's Five Forces analysis."

Oil price is the single most consequential input in any Valeura analysis, and the relevant analytical task is not to forecast where it will be in twelve months but to understand precisely how Valeura's cash flows respond across the full range of scenarios.

The Current Macro Environment: Dubai at a Structural Premium

The oil pricing environment in March 2026 is unlike anything seen in years, and Valeura is uniquely positioned within it. The US-Israel-Iran conflict that escalated in late February and early March 2026 has created a two-tier global oil market. Brent crude, the Atlantic Basin benchmark, has surged from approximately US$73/bbl before the conflict to a range of approximately US$95-100/bbl as of mid-to-late March 2026. But the more important data point for Valeura is what has happened to Dubai crude, the physical Gulf benchmark to which all Thai oil sales are priced.

Transit through the Strait of Hormuz, which handles approximately 20% of global oil trade, has been severely disrupted. Physical Middle Eastern grades tied to the Dubai and Oman benchmarks have experienced a dislocation that, at its peak, saw Dubai crude trading close to US$150/bbl, a premium of more than US$50/bbl over Brent. The mechanism is straightforward: buyers who normally source from the Gulf are scrambling for alternative barrels; the nearest substitutes are in Asia and Southeast Asia; Thai crude from the Pattani Basin is a medium-sweet crude that offers a viable alternative to Middle Eastern grades for Asian refiners; and Valeura's sales contracts, benchmarked to Dubai, are capturing the exceptional premium directly. The Brent-Dubai spread, which normally runs at a modest Brent premium of US$1-2/bbl, has inverted and widened massively: Dubai was trading at a large premium to Brent, meaning Valeura's Thai crude is being valued at premiums well above what headline Brent numbers suggest.

A further development adds a new dimension. On 3 March 2026, Thailand's Ministry of Energy issued a request to domestic oil producers to support national energy security by postponing planned facility downtime and temporarily suspending crude oil exports, in response to disruptions from the Middle East. Valeura publicly confirmed compliance with the spirit of this request and noted that approximately one-third of its crude is already sold into the domestic Thai market. On 9 March 2026, Thailand's Prime Minister signed Royal Decrees restricting exports of refined fuel categories, gasoline, diesel, jet fuel and LPG, but expressly excluding crude oil exports from the restrictions. This is a critical legal clarification: Valeura's crude oil can continue to be exported at full market price. The domestic demand for Valeura's barrels is additionally confirmed: Thailand imports approximately 92% of its daily crude requirements, with the vast majority sourced from the Middle East. With that supply chain disrupted, domestically produced Thai crude is essential.

Investors should model this environment carefully. The current oil price dislocation is a conflict-driven event; it will not last indefinitely. The analytical work is to understand what a normalization of the Dubai-Brent spread means for Valeura's future realizations and to avoid extrapolating current prices as a permanent baseline. What can be said with

confidence is: at the time of this report's publication, Valeura is likely generating free cash flow at rates that, if annualized, would represent a very large fraction of its entire market capitalization. The US$306 million cash balance at year-end 2025, already a record, is compounding at an exceptional pace.

Competitive Structure: A Shrinking Pool of Operators

The Gulf of Thailand shallow-water oil and gas sector is oligopolistic, with a very small number of active operators. PTTEP, Thailand's state-owned petroleum champion, dominates: it controls the major gas fields (Erawan/G1/61, Bongkot/G2/61, Arthit) and accounts for the large majority of Thailand's gas production. PTTEP's acquisition of Chevron's domestic portfolio in 2024 for approximately US$2.8 billion further consolidated its position, giving it control of both the Erawan and Bongkot gas complexes that together supply roughly 60% of Thailand's domestic gas. On the crude oil side, the operator landscape is thinner. Chevron operates the Tantawan and Pailin crude oil fields. Valeura operates Jasmine, Nong Yao, Manora and Wassana. Beyond those, the remaining active oil concessions are relatively small and operated by a handful of Thai and regional companies.

This concentrated structure is significant for two reasons.

First, the exit of international majors (Chevron's partial withdrawal, Mubadala's divestiture of its Thai oil assets in 2023) has created a buyer-pool deficit that benefits the few remaining credible operators with capital and technical capacity. Valeura was the direct beneficiary of both those exits. The structural logic remains: as more fields approach end-of-life under undercapitalized operators, or as portfolios are rationalized by multinationals repositioning toward energy transition, Valeura's position as the second-largest oil producer in Thailand with demonstrated operational excellence and a pristine balance sheet makes it the natural consolidator. The M&A pipeline for Southeast Asian oil assets is actively managed by the Company.

Second, the oligopolistic structure is self-reinforcing. Infrastructure ownership is the key constraint. A new entrant wishing to produce oil from a shallow-water Gulf of Thailand field would need to either build new processing and storage infrastructure (expensive, time-consuming) or negotiate access to existing infrastructure. Valeura owns assets that create preferential access for nearby undeveloped accumulations. The PTTEP farm-in relationship is the clearest illustration of how infrastructure ownership translates into a competitive position.

Demand Structure: Thailand Is a Net Importer with Growing Energy Needs

Thailand consumed approximately 1.37 million barrels per day of oil in 2024, making it the 17th-largest oil consumer globally. Against that consumption, Thailand produced only approximately 395,000 bbls/d of crude, condensate, and other liquids, covering less than 30% of domestic requirements. The remainder, approximately 92% of crude requirements in 2025 per the Thai Ministry of Energy, is imported, predominantly from the Middle East. This structural import dependence is not a temporary condition: proven crude oil reserves are modest (approximately 240 million barrels, less than one year of consumption), and production has been in long-run structural decline from a peak of

approximately 515,000 bbls/d in 2017. The Thai government's March 2026 energy security decrees, while prompted by the current conflict, reflect a deeper reality that will outlast the conflict.

For Valeura, this demand structure means that the domestic Thai refiner market for its crude is deep and reliable. Thai refiners are configured to process medium-gravity crude similar to Valeura's production. The company typically sells approximately one-third of its cargoes domestically and two-thirds into export markets (primarily to other Asian refiners benchmarked to Dubai). This split provides commercial flexibility: if domestic demand is strong (as it is now), more barrels can be directed domestically; if export premiums are favorable, more goes offshore. Neither channel is exclusively dependent on the other. Importantly, a ban on crude oil exports has not been enacted (the March 2026 decrees restricted refined products only), meaning Valeura retains the right to optimize between domestic and export sales at prevailing prices.

The Thai Fiscal Regime

Understanding Valeura's after-tax economics requires understanding the Thai petroleum fiscal regime, which is materially different from the corporate income tax framework that applies to ordinary businesses. Valeura's four producing licences operate under Thailand III concession terms, the fiscal framework governing offshore production blocks awarded from the early 1990s onwards. The key components are royalties, the Petroleum Income Tax Act (PITA) and the Special Remuneratory Benefit (SRB).

Royalties are paid to the Thai government as a percentage of gross revenue from petroleum sales. Under Thailand III terms, the royalty rate is on a sliding scale between 5% and 15%, linked to the volume of petroleum sold during the relevant calendar quarter. At typical production volumes, effective royalty rates for Valeura's blocks average approximately 12-13% of gross revenue. In 2025, total royalties paid were US$72.9 million against revenues of US$594 million, approximately 12.3% effective rate. Royalties are deductible in computing PITA taxable income.

The Petroleum Income Tax Act (PITA) imposes income tax at 50% on the net petroleum profit of concession holders. This is the statutory nominal rate. In practice, Valeura's effective PITA rate has been drastically reduced by a large pool of accumulated tax loss carry-forwards, US$282.8 million as at December 31, 2025 (down from US$373.2 million at end-2024 as US$92.4 million was utilized in 2025). These losses, inherited partly from the KrisEnergy and Mubadala assets and partly generated by Valeura's own early-period capital investment, are available to offset future PITA profits across the Thai III blocks. The November 2024 internal restructuring that consolidated all Thai III licenses into a single entity was specifically designed to optimize the pooling and utilization of these loss carry-forwards. PITA cash taxes paid in 2025 were a mere US$2.4 million against US$594 million in revenues. This tax shelter will gradually erode as profits accumulate, but it provides Valeura with a meaningful cash tax advantage over the next years.

The Special Remuneratory Benefit (SRB) is Thailand's windfall profits tax, payable only when a concessionaire generates "petroleum profit" as defined under the PITA, broadly revenue minus opex, royalties, capex and an inflation-adjusted factor. The SRB rate is calculated block by block on a sliding scale based on annual petroleum profit per metre of well drilled during the concession period. The more wells Valeura drills, the lower the income per metre and the lower the

applicable SRB rate. In 2025, Valeura drilled a substantial campaign which directly suppressed SRB: total SRB for FY2025 was only US$19.8 million, down from US$29.2 million in 2024 despite comparable revenues. This is an important dynamic: Valeura's high drilling intensity, which is required for reserve replacement, simultaneously reduces the SRB burden. In a high oil price environment Valeura's active drilling program provides a natural SRB buffer. The ceiling is 75% of petroleum profit per block, but this cap is rarely approached given the company's capex-intensive program. The flip side: in a high-price, high-profit environment with reduced drilling activity, SRB could rise materially.

The overall picture is a fiscal regime that is known, stable, long-established and manageable for a low-cost operator. Thailand has not materially changed its petroleum fiscal terms for existing concession holders in decades, and the government has strong incentives to maintain a predictable investment environment given its dependence on imported oil and gas. The risk of retrospective fiscal change is lower in Thailand than in markets with less institutional continuity. This does not mean zero risk; it means manageable, well-characterized risk.

The Jurisdiction Question

Thailand is a constitutional monarchy and parliamentary democracy that has experienced significant political turbulence, including two military coups since 2006. The country returned to civilian rule after elections in May 2023. The current government, led by Prime Minister Paetongtarn Shinawatra, took office in August 2024. Political risk in Thailand is real but qualitatively different from frontier-market political risk: Thailand is a middle-income country with well-developed institutional structures, a sophisticated financial system, a substantial middle class and deep integration into global supply chains. The oil and gas sector has operated under consistent legal frameworks since 1971 and no material expropriation of petroleum concessions by the Thai state has occurred in the modern era.

The March 2026 energy security intervention (the Ministry of Energy request to domestic producers and the subsequent Royal Decrees restricting refined product exports) is an instructive case study in how Thai political risk actually manifests. The intervention was reactive to a genuine supply emergency (Middle East). The decrees were narrowly scoped (refined products only, not crude oil). Valeura publicly confirmed continued normal operations and acknowledged the domestic importance of its crude. The government's behavior was that of a state that values its energy industry partners and handles emergencies through engagement rather than confiscation. That is a very different risk profile from, say, Venezuela or Angola, and should be evaluated as such.

The longer-term regulatory risk for Valeura relates primarily to concession renewal and the terms under which Thailand offers future production contracts. Existing concessions under Thai I and Thai III terms were granted for specific periods: the Jasmine/Ban Yen B5/27 license has an ultimate expiry of 2031; the Nong Yao G11/48 license expiry, per early company disclosures, extends to approximately the mid-2030s; the Wassana G10/48 and Manora G1/48 licenses have production periods extending into the 2030s under their respective terms, with the Wassana CPP redevelopment extending the economic field life to 2042. The 2P reserves currently certified by NSAI are within these license periods, meaning the reserve base is not contingent on license renewal.

IV. EARNINGS QUALITY & CASH FLOW FORENSICS

"Earnings are an opinion, cash is a fact."

The EBITDA-to-FCF Bridge

The correct framework for understanding Valeura's cash generation is the bridge from adjusted EBITDA down to free cash flow, step by step. This waterfall, which professional upstream analysts use as their primary analytical lens, makes immediately visible what makes Valeura different from almost every other producing oil company of comparable size: there is no interest line. With zero debt, the US$21-28M of annual finance costs that a leveraged peer would bleed between EBITDA and operating cash flow simply does not exist. Every dollar above the tax line flows directly to shareholders. The table below shows the full EBITDA-to-FCF waterfall for FY2023, FY2024 and FY2025.

Item (US$M)	FY2023	FY2024	FY2025
Adjusted EBITDA	230.7	378.0	300.4
Less: Interest expense (cash)	(34.0)	(28.4)	(21.7)
Less: Interest on lease liabilities	-	(6.3)	(8.2)
► Operating Cash Flow (pre-tax)	**196.7**	**343.3**	**270.5**
Less: Cash income taxes paid (PITA)	(124.2)	(99.1)	(2.4)
Less: SRB paid	(15.1)	(29.2)	(19.8)
► Adjusted CFO (after tax)	**152.4**	**274.2**	**247.4**
Less: Maintenance & drilling capex	(103.7)	(134.3)	(145.2)
► Maintenance Free Cash Flow	**48.7**	**139.9**	**102.2**
Less: Growth capex (Wassana CPP)	-	-	(43.5)
Plus: Other income / FX	-	10.2	14.1
Less: Exploration / other	-	(8.0)	(4.4)
Less: Contingent consideration	-	(0.8)	(0.8)
► Reported Free Cash Flow	**n/a**	**140.7**	**65.2**
Memo: FCF yield on market cap[1]	n/a	18.2%	6.1%
Memo: FCF yield on EV[1]	n/a	20.2%	8.6%

[1] Market cap and EV as at respective December 31 year-end dates.

Several features of this waterfall deserve explicit attention.

First, the interest line. In FY2023 and FY2024, finance costs of US$34M and US$28M respectively flowed through. These were dominated by accretion on decommissioning obligations (non-cash) and interest on IFRS 16 lease liabilities. By FY2025, with the facility fully repaid and no new bank debt incurred, total finance costs had fallen to US$21.7M, substantially all of it non-cash decommissioning accretion and lease interest. Cash interest on financial debt is effectively zero.

Second, the tax line reveals the full power of the loss carry-forward asset. In FY2023, PITA taxes paid consumed US$124.2M of operating cash, but US$99M of that was for pre-Valeura periods, a legacy obligation. In FY2024, US$99.1M of PITA was paid; in FY2025, only US$2.4M. The carry-forward pool has essentially eliminated the Company's largest single cash cost for a period of approximately three to four years. As those losses are consumed, being drawn down at roughly US$80-90M per year at current profitability, cash taxes will re-emerge. Investors modelling 2027-2029 should expect PITA cash payments in the range of US$30-60M per year as the pool approaches depletion, assuming oil prices in the US$70-85 range.

Third, the maintenance FCF line, adjusted CFO minus only the maintenance and reserve-replacement drilling capex, before growth capital, was US$48.7M, US$139.9M and US$102.2M in each respective year. This is the baseline cash the business generates in the absence of any discretionary investment. It has been positive in every year. Even at FY2025's lower oil prices, the Company generated over US$100M of maintenance FCF, meaning it could have drilled nothing, spent nothing on the Wassana CPP, and still increased its cash balance by US$100M. The decision to invest US$188.7M in capex was a choice, not a necessity. That is a different position from a company where drilling is required simply to avoid production collapse.

Fourth, the reported FCF yield on EV, 20.2% in FY2024, 8.6% in FY2025, confirms the dramatic change in market recognition over the two years. FY2024's 20% FCF yield was an anomaly: the market was valuing the business as though the FCF generation was temporary, cyclical or impaired. The re-rating from an EV of approximately US$515M at end-2024 to US$755M at end-2025 partially closed that gap, but as the analysis in Section IX will show, the current macro environment implies that 2026 FCF, if oil prices remain elevated, could exceed the entire current EV of the business.

Why Net Income Is The Wrong Number

Valeura's IFRS net income figures over the three-year period (US$244.3M, US$240.8M, US$22.8M) are nearly useless as a performance measure. Understanding precisely why requires examining each year individually.

FY2023: The US$244.3 million reported net income was dominated by a US$238.1 million bargain purchase gain, the difference between the fair value of the net assets acquired in the Mubadala transaction and the purchase price paid. Under IFRS 3, this accounting entry is mandated and non-negotiable. It reflects that Valeura paid approximately US$55 million for an asset base worth substantially more at the date of acquisition. It generated zero cash. The FY2023 IFRS operating cash flow of US$27.5 million is also misleading in the opposite direction: the Company paid US$124.2 million of income taxes in 2023 relating entirely to tax assessments for periods prior to Valeura's acquisition, obligations that were inherited as part of the M&A deal. These payments were not related to Valeura's operational profitability; they

were legacy liabilities being discharged. Adjusted for these one-time outflows, the underlying operating cash generation in FY2023 was materially higher. The adjusted CFO of US$152.4 million is the correct operational baseline for the first full year.

FY2024: Net income of US$240.8 million was again dominated by a non-cash item, a US$177.2 million deferred tax recovery arising from the November 2024 internal restructuring of the Thai subsidiaries. By consolidating all Thai III license assets into a single entity, Valeura unlocked the ability to apply US$373.2 million of accumulated tax loss carry-forwards from one entity against profits generated by others. The recognition of this deferred tax asset was an accounting event, not a cash event. It correctly signals that Valeura will pay substantially lower PITA taxes in future years as those losses are consumed, a genuine economic benefit, but the magnitude of the one-year recognition inflates reported net income by US$177 million. The adjusted CFO of US$274.2 million and the US$140.7 million of free cash flow generated in the year are the correct performance measures for 2024.

FY2025: The dynamic reverses. As the deferred tax asset recognized in 2024 is being consumed by actual taxable profits, it generates a deferred tax expense of US$36.9 million in 2025, suppressing net income to US$22.8 million despite the business generating US$247.4 million of adjusted after-tax operating cash flow. The effective PITA cash tax paid in 2025 was only US$2.4 million, a tiny fraction of the statutory 50% rate, because the loss carry-forwards shield actual cash payments. The US$36.9 million deferred tax expense is an accounting recognition of the fact that the US$282.8 million remaining loss carry-forward pool will eventually be consumed. It is real in the sense that it represents future tax that will one day be paid but it is not 2025 cash outflow.

The correct measure for Valeura at every stage is adjusted after-tax cash flow from operations, which the Company defines and reconciles explicitly in each MD&A. This figure strips out all non-cash and deducts only the taxes that are actually paid. Over three years, this measure has been: US$152.4M (FY2023), US$274.2M (FY2024), US$247.4M (FY2025). The trajectory shows a business that grew its underlying cash generation strongly from 2023 to 2024 (driven by full portfolio integration and production growth), then held it broadly flat in 2025 despite a 14% decline in realized oil prices, protected by increased production volumes, stable opex and the near-zero cash tax burden.

Margin Quality

The operating margin profile of Valeura's business is clean but commodity-exposed. Adjusted EBITDA margins have moved from 46.8% of revenue in FY2023 to 55.7% in FY2024 and 50.5% in FY2025. The improvement from FY2023 to FY2024 reflects full-year operational integration of the Nong Yao C development and improved drilling efficiency; the decline from FY2024 to FY2025 reflects the 14% fall in average realized prices (US$81.3 to US$70.2/bbl) partially offset by 2% production growth.

The opex structure is largely fixed in the short run. Adjusted opex includes the bareboat charter contracts for the FPSO and FSO vessels, MOPU lease, logistics, workovers and fuel. The vessel charter costs are quasi-fixed: they do not scale with production or oil prices. The variable components are primarily fuel (diesel for marine logistics and some field power generation) and workovers. Total adjusted opex has grown modestly from US$165M in FY2023 to US$223M in

FY2025, a 35% increase against a 46% increase in production volumes. Per-barrel opex has therefore improved: adjusted opex per barrel was US$26.3/bbl in 2025, compared to approximately US$26.0/bbl in FY2023 on a partial-year basis. This is a business with operating leverage in the right direction: costs grow slower than volumes.

The key risk to margin stability is oil price. The sensitivity is approximately linear below US$60/bbl: every US$1/bbl change in realized price flows through to approximately US$8.5 million of additional or reduced adjusted pre-tax CFO at current production volumes (8.5 mmbbls/year). At US$70/bbl, adjusted pre-tax CFO is approximately US$270M. At US$90/bbl (a plausible scenario if Middle Eastern supply remains disrupted), the number approaches US$440M before tax and SRB adjustments. At US$55/bbl (a bear-case scenario not seen since 2020), it falls to approximately US$140M, still positive, still covering maintenance capex and still accumulating cash given the minimal PITA obligations.

One structural feature deserves emphasis: the royalty and SRB load moves with the cycle in a way that provides natural margin stabilization. Royalties under the Thailand III sliding scale reduce as production volumes per quarter decline. SRB, the windfall profits tax, is zero or minimal when profitability is compressed. In the FY2025 data, despite US$594M of revenue, total SRB was only US$19.8M because the high drilling intensity (127,500 meters drilled across all fields) suppressed the income-per-metre calculation that determines SRB rates. This "natural hedge" is beneficial and unlikely to be widely appreciated by the market.

The Per-Barrel Waterfall: US$70/bbl In, US$29/bbl Out

The per-barrel economics of Valeura's business are best understood through a full waterfall from realized oil price to cash generated per barrel produced. This exhibit, built from FY2025 audited data, makes the unit economics immediately comparable to any global upstream peer and makes the leverage to higher oil prices arithmetically explicit.

Line Item	US$/bbl	US$M (FY2025)	% of Realized Price
► Realized Oil Price	**70.2**	**594.4**	**100.0%**
Less: Royalties (sliding scale)	(8.6)	(72.9)	(12.3%)
► Revenue after Royalties	**61.6**	**521.5**	**87.7%**
Less: Adjusted Opex	(26.3)	(222.7)	(37.5%)
Less: Adjusted G&A	(3.4)	(29.2)	(4.9%)
► Adjusted Pre-Tax CFO	**31.8**	**269.6**	**45.4%**
Less: SRB (windfall profits tax)	(2.3)	(19.8)	(3.3%)
Less: PITA cash taxes paid	(0.3)	(2.4)	(0.4%)
► Adjusted CFO (after tax)	**29.2**	**247.4**	**41.6%**
Less: Maintenance capex/bbl	(17.1)	(145.2)	(24.4%)

► Maintenance Free Cash Flow	**12.1**	**102.2**	**17.2%**
Less: Growth capex (Wassana CPP)	(5.1)	(43.5)	(7.3%)
► Reported Free Cash Flow	**7.7**	**65.2**	**11.0%**
Memo: D&A per barrel	(24.2)	(205.5)	(34.6%)
Memo: IFRS Net income per barrel	2.7	22.8	3.8%

The waterfall makes several important features immediately clear.

First, the royalty bite: at US$70.2/bbl, Thailand III sliding-scale royalties consumed US$8.6/bbl, 12.3% of gross revenues. This is a reasonable fiscal take by international standards and the sliding scale means it is not dramatically higher at US$100/bbl (the upper end of the scale caps at 15% of revenue per quarter).

Second, the opex efficiency: US$26.3/bbl of adjusted opex sits at the low end of the shallow-water Southeast Asian range, leaving a pre-tax cash margin of US$31.8/bbl, a 45% cash margin at a US$70 realized price.

Third, the near-zero tax line: the combination of the SRB (suppressed by drilling intensity) and the carry-forward shield on PITA cash taxes means only US$2.6/bbl of the US$31.8/bbl pre-tax margin was consumed by taxes in FY2025. The effective cash tax rate was approximately 8.2%, against a headline statutory PITA rate of 50%.

The oil price sensitivity is straightforward to compute from this table. Each additional US$1/bbl of realized price above the royalty threshold flows through the waterfall approximately as follows: US$0.87 after royalty (at the current effective royalty rate), US$0.87 after opex (opex is fixed, so the full US$0.87 passes through), reduced by any SRB increase (marginal SRB rate at current drilling intensity is low; approximately US$0.05-0.10/bbl), reduced by marginal PITA (near-zero while carry-forwards remain). Net incremental cash per additional US$1/bbl of realized price: approximately US$0.75-0.80/bbl, or approximately US$6.4-6.8M per year at current production volumes.

At a US$100/bbl realized price versus the FY2025 average of US$70.2/bbl, the incremental annual cash flow is approximately US$190-200M at current production, before any SRB acceleration. The waterfall at US$100/bbl would show approximately US$445M of adjusted pre-tax CFO, approximately US$40-50M of SRB (higher windfall profits), minimal PITA cash and maintenance FCF of approximately US$280M.

Cash Conversion: Upstream Oil at Its Best

The cash conversion quality of an upstream oil business, measured as the ratio of adjusted operating cash flow to adjusted EBITDA, reflects working capital intensity, tax payments and the treatment of lease obligations. For Valeura, this ratio has been: approximately 66% in FY2023, approximately 73% in FY2024 and approximately 82% in FY2025. The trend is improving, driven principally by the near-zero PITA cash tax burden in 2025 (only US$2.4M paid against a statutory 50% rate on concession profits). As the US$282.8M loss carry-forward pool is gradually consumed over the

next several years, PITA cash taxes will rise and this ratio will normalize toward the 65-75% range. Investors modelling out-year cash flows should account for this gradual increase in cash taxes, but the pace of normalization is slower than it might appear: at FY2025 production and price levels, the remaining carry-forward pool covers approximately three years of taxable profits before cash PITA taxes become material.

Working capital dynamics are unusual for an oil company because Valeura sells its crude in large discrete cargo parcels of approximately 200,000 barrels each, roughly every 25-30 days per field. This creates natural quarter-to-quarter variability in oil inventory (ending inventory ranged from 620 mbbls to 876 mbbls during 2025), which can produce timing differences between production and recognized revenue of up to US$50-60M in any given quarter.

The IFRS operating cash flow, despite the distortions already discussed, provides a useful cross-check: US$27.5M in FY2023 (depressed by US$124M of legacy tax payments), US$305.6M in FY2024, and US$275.7M in FY2025. The FY2024 to FY2025 decline of US$30M in IFRS operating CF despite a relatively stable adjusted CFO reflects primarily the working capital movement: US$60.7M of working capital release benefited 2024's IFRS OCF, while only US$10.7M benefited 2025's. Adjusting for this timing effect, IFRS and non-IFRS operating CF are entirely consistent.

Capital Expenditure: Growth and Maintenance Properly Separated

Valeura's adjusted capex grew from US$103.7M in FY2023 to US$134.3M in FY2024 to US$188.7M in FY2025. On the surface, this is a 82% increase in three years, which looks alarming for a business where production grew only about 45% over the same period. The analysis requires disaggregation.

The FY2025 capex of US$188.7M is composed of three distinct categories. First, maintenance and sustaining drilling: US$127.5M was spent on development drilling across Jasmine/Ban Yen, Nong Yao and Manora. This is the core spend required to maintain production rates through reserve replacement, without continuous infill drilling, shallow-water Pattani Basin fields decline at approximately 15-25% per year. Second, brownfield and other PP&E: US$22.3M on brownfield projects including facility upgrades, well slot expansions and the Jasmine mooring wire replacement. Third, growth capital: US$43.5M on the Wassana CPP redevelopment, a one-time project that will not repeat in this magnitude after 2026.

The Capex/D&A ratio provides the standard quality check: at 0.92x in FY2025, it sits just below 1:1, the level that represents approximate capital maintenance neutrality. This ratio is not alarming for a producing oil company with growing reserves: as the 2P reserve base expands (57.8 mmbbls at end-2025 versus approximately 29 mmbbls at acquisition), the unit-of-production D&A rate is distributed across a larger reserve base, keeping the absolute D&A charge growing more slowly than production. Excluding the Wassana growth capex, the maintenance Capex/D&A is 0.71x, suggesting the existing asset base is not being underinvested. The distinction matters: Valeura is not capitalizing maintenance costs to inflate free cash flow. The Wassana spend is genuinely growth capital with a firm first-oil date of Q2 2027 and a 40% IRR at US$60/bbl.

Looking forward to 2026, the Company has guided total adjusted capex and exploration spending of US$175-195M, of which approximately US$70M is the residual Wassana CPP spend. Once the CPP is commissioned in H2 2026 and producing in 2027, growth capex normalizes and the remaining program is purely maintenance and reserve-replacement drilling. The 2027 FCF profile, combining Wassana's approximately US$50-60M of incremental annual operating cash flow (3,000 to 10,000 bbls/d at US$70/bbl operating margins) with a materially lower capex requirement, is a step change from the 2025-2026 transition period.

FCF Sensitivity

An upstream oil company must generate positive free cash flow across the full commodity price for its valuation to be robust. The table below stress-tests Valeura's FCF generation at three distinct oil price scenarios: a bear case (US$55/bbl), a base case (US$75/bbl) and a current environment case (US$100/bbl Brent, approximately US$105/bbl Dubai given the spread). All scenarios use FY2025 production of 23,242 bbls/d as the volume assumption.

Line Item (US$M)	Bear (US$55/bbl)	Base (US$75/bbl)	Bull (US$100/bbl)
Realized Price (Dubai adj.)	~US$55	~US$75	~US$105
Oil Revenue	428.3	584.8	818.0
Less: Royalties	(51.5)	(76.0)	(114.5)
Revenue after Royalties	376.8	508.8	703.5
Less: Adjusted Opex	(222.7)	(222.7)	(222.7)
Less: Adjusted G&A	(29.2)	(29.2)	(29.2)
► Adjusted Pre-Tax CFO	**124.9**	**256.9**	**451.6**
Less: SRB	-	(15.0)	(45.0)
Less: PITA cash taxes	(2.0)	(2.0)	(5.0)
► Adjusted CFO (after tax)	**122.9**	**239.9**	**401.6**
Less: Maintenance capex	(145.0)	(145.0)	(145.0)
► Maintenance FCF	**(22.1)**	**94.9**	**256.6**
Less: Wassana growth capex	(44.0)	(44.0)	(44.0)
► Reported FCF (incl. growth)	**(66.1)**	**50.9**	**212.6**
FCF yield on current EV	neg.	6.7%	28.2%
Annualised CFO / current EV	16.3%	31.8%	53.2%
Cash balance trajectory	declining	stable	rapid

The scenario analysis reveals a business with an unusually wide band of viability. At US$55/bbl Valeura generates US$122.9M of adjusted after-tax CFO, covers its entire maintenance capital program and would generate positive maintenance FCF after the Wassana CPP growth spend is excluded from the calculation. Reported FCF turns negative at US$55/bbl only because of the committed Wassana construction spend: without that one-time investment, the business is cash-flow self-funding at US$55 oil. With US$306M in net cash and no debt, the Company can absorb several years of US$55/bbl oil without liquidity risk. The cash balance would decline but the business would not need to issue equity or draw on credit facilities.

At US$75/bbl the business generates US$239.9M of adjusted CFO, US$94.9M of maintenance FCF and US$50.9M of reported FCF after the Wassana CPP growth spend. The 6.7% FCF yield on current EV at US$75/bbl is conservative and does not reflect the higher prices actually prevailing in early 2026.

At US$100/bbl the business generates over US$400M of adjusted CFO, over US$250M of maintenance FCF and approximately US$210M of reported FCF after growth capex. The annualized CFO yield on EV of 53% is not a sustainable valuation; it signals either that current oil prices will not persist, that the market is applying a structural discount to Valeura for reasons unrelated to the oil price (liquidity, geography, scale), or that the stock is genuinely mispriced. All three explanations may be simultaneously true to varying degrees. Section IX examines the valuation gap in detail.

Maintenance FCF is negative only in an extreme bear scenario (US$55/bbl) that the Company has the balance sheet to absorb. Adjusted CFO is positive at every scenario modelled, including US$55/bbl. The business generates cash at any oil price above approximately US$40/bbl based on the current opex structure.

V. THE BALANCE SHEET

"Debt kills silently." Mohnish Pabrai

The balance sheet is the single most important quantitative fact about Valeura today, more important than any single quarter of earnings, more important than any reserve figure, more important than the current oil price. A company with a fortified balance sheet can survive commodity cycles, fund its own growth and pursue M&A from a position of strength. A company with a leveraged balance sheet cannot do any of those things with the same freedom. Valeura's balance sheet as of December 31, 2025 is exceptional for a company of its scale and it is getting stronger every quarter.

The headline: US$306M in net cash, zero financial debt, a US$109M net deferred tax asset shielding future cash taxes, decommissioning obligations reduced by 34% since acquisition and equity that has nearly doubled in two years from retained earnings alone. This is the balance sheet of a company that has been converting oil into cash at high rates and keeping it. The transformation from the leveraged, distressed structure of the KrisEnergy and Mubadala assets at acquisition to the current position is one of the most rapid and complete balance sheet rehabilitations in recent Canadian small-cap history.

Consolidated Balance Sheet: The Numbers

The table below presents the audited consolidated balance sheet as of December 31, 2025 and December 31, 2024. All figures in US$'000 as reported in the FY2025 audited financial statements.

Balance Sheet Item (US$;000)	Dec 31, 2025	Dec 31, 2024	Change
CURRENT ASSETS			
Cash and cash equivalents	282,739	236,543	+46,196
Restricted cash (current)	8	1,093	(1,085)
Trade and other receivables	28,537	38,437	(9,900)
Inventories	59,939	59,264	+675
Prepaid expenses and deposits	11,030	5,574	+5,456
► Total Current Assets	**382,253**	**340,911**	**+41,342**
NON-CURRENT ASSETS			
Restricted cash (non-current)	22,991	21,718	+1,273
Long-term deposit	1,850	-	+1,850
Exploration and evaluation assets	9,026	8,075	+951
Property, plant and equipment	259,977	264,425	(4,448)

Right-of-use assets	91,349	71,492	+19,857
Deferred tax assets	118,337	150,689	(32,352)
► Total Non-Current Assets	**503,530**	**516,399**	**(12,869)**
► TOTAL ASSETS	**885,783**	**857,310**	**+28,473**
CURRENT LIABILITIES			
Accounts payable and accrued liab.	140,091	130,777	+9,314
Current portion of lease liabilities	36,949	28,746	+8,203
Incentive compensation liability	2,847	1,799	+1,048
Income tax payable	808	24,318	(23,510)
► Total Current Liabilities	**180,695**	**185,640**	**(4,945)**
NON-CURRENT LIABILITIES			
Lease liabilities (non-current)	55,555	45,727	+9,828
Decommissioning obligations	85,347	83,644	+1,703
Provision for employee benefits	12,176	9,351	+2,825
Deferred tax liability	9,214	4,665	+4,549
► Total Non-Current Liabilities	**162,292**	**143,387**	**+18,905**
► TOTAL LIABILITIES	**342,987**	**329,027**	**+13,960**
EQUITY			
Share capital	203,311	205,952	(2,641)
Contributed surplus	26,158	25,182	+976
Accumulated other comp. income	9,959	10,830	(871)
Retained earnings	303,368	286,319	+17,049
► Total Equity	**542,796**	**528,283**	**+14,513**
► TOTAL LIABILITIES AND EQUITY	**885,783**	**857,310**	**+28,473**
KEY LIQUIDITY METRICS			
Cash balance (incl. restricted)	305,738	259,354	+46,384
Net cash (cash minus all debt)	305,738	259,354	+46,384
Net working capital	201,558	155,271	+46,287
Adjusted net working capital	261,498	205,735	+55,763

How the Balance Sheet Got Here: Three Years of Compounding

Tracing the balance sheet from acquisition to today requires understanding the starting point. When Valeura completed the KrisEnergy acquisition in June 2022 and the Mubadala acquisition in March 2023, it inherited a portfolio with two fundamental balance sheet handicaps. First, the assets carried approximately US$129.5M of decommissioning obligations, the estimated future cost of abandoning wells and facilities at end-of-field-life booked at the prior operators' engineering estimates. Second, both acquired entities carried legacy income tax liabilities and deferred obligations from pre-Valeura operating periods, the most significant of which resulted in Valeura paying US$124M of taxes in FY2023 for periods before it owned the assets. Third, the Company itself was operating with a Trafigura credit facility that it had drawn on to fund the acquisitions.

The rehabilitation unfolded in four discrete steps. First, the Trafigura facility was repaid in full in October 2023, funded entirely by operating cash flow generated in the first eighteen months of ownership. No equity was issued to repay the debt. The Company became debt-free in its first full year of consolidated operations. Second, the decommissioning estimates were substantially revised downward as Valeura's own engineers conducted detailed assessments of the four fields. The ARO fell from US$129.5M at end-2023 to US$83.6M at end-2024, a reduction of US$45.9M in a single year, reflecting more precise estimates of abandonment costs and timing. By end-2025 the balance stood at US$85.3M, with the modest increase reflecting accretion (time-value unwinding) partially offset by further estimate revisions. The cumulative reduction from peak to end-2025 is US$44M, entirely from better engineering, not financial engineering. Third, the November 2024 internal restructuring unlocked US$373M of accumulated loss carry-forwards by consolidating the Thai III assets into a single entity, recognizing a US$118M deferred tax asset that now shields future PITA cash payments. Fourth, the cash balance has been compounding steadily: US$134M at end-2023, US$259M at end-2024, US$306M at end-2025. Each year-end is a new record.

The equity progression is equally instructive. Total shareholders' equity stood at approximately US$284M at end-2023 (after the Mubadala acquisition). It grew to US$528M at end-2024 and US$543M at end-2025, an increase of US$259M in two years, entirely from retained earnings and without a single equity issuance for capital-raising purposes. Share capital has actually declined slightly (US$206M to US$203M) as the NCIB buyback program has retired more shares than option exercises and RSU vesting have issued.

Capital Structure: Simple, Shrinking, and Shareholder-Aligned

Valeura's capital structure is refreshingly uncomplicated. Common shares only, no preferred shares outstanding, no convertible debt, no dual-class voting structure, no complex derivative instruments. The share count is actually declining: 105,538,654 common shares outstanding at December 31, 2025, down from 106,650,213 at December 31, 2024, a net reduction of 1,111,559 shares despite new equity grants in the year. The NCIB buyback program purchased and cancelled 1,771,804 shares in 2025 at a cost of approximately C$10.6M. A new NCIB allowing repurchase of up to 6.3M shares was approved by the TSX in November 2025, running to November 2026.

Component	Shares / Units
Common shares outstanding	105,538,654
Stock options outstanding	1,174,998
PSUs and RSUs outstanding	2,054,809
► Total diluted shares	**~108,769,461**
Dilution vs. basic	+3.1%
NCIB authorization	up to 6.3M
Shares repurchased (FY2025)	1,771,804
Baillie Gifford (holder)	~17.5%
Thoresen Thai (holder)	~16.5%
Executive & Board	~6.3%
Free float	~59.7%

The share-based compensation program is modest and not value-destructive at current scale: SBC was US$5.5M in FY2025 (0.9% of revenue, 2.2% of adjusted CFO). There is no evidence of excessive dilution, options backdating, or use of equity compensation as a substitute for cash accountability.

The ownership structure is stable and strategically coherent. Baillie Gifford (17.5%) is one of the world's most respected long-duration equity managers, with a well-documented preference for businesses with long runways for compounding capital. Their presence signals that at least one sophisticated institutional investor has done deep work on Valeura and committed a meaningful position. Thoresen Thai Agencies (16.5%) is a Thai logistics and shipping conglomerate with direct regional interests, their holding reflects both financial and strategic alignment with Valeura's Gulf of Thailand operations. Together these two anchor shareholders hold approximately 34% of the company, providing a stable base that limits the float-driven volatility typical of small-cap resource names and signals that the Company is not at risk of a hostile takeover at current prices.

The float of approximately 59.7% is modest for a company with a US$1B+ market cap, which contributes to the relatively thin average daily trading volume (approximately 418,000 shares per day, or roughly US$4.2M of daily turnover at current prices). This illiquidity is a genuine risk factor for institutional investors who need to build or exit meaningful positions: the bid-ask spread widens in periods of market stress and a large seller can meaningfully move the price over several sessions. It is also an opportunity: the same illiquidity that creates friction for large institutions means that the stock is less likely to be efficiently priced by the market, and that patient capital can establish a position at prices that a more liquid market would not offer.

VI. CAPITAL ALLOCATION & RETURNS ON CAPITAL

"Is management great at running the business or at allocating capital?"

The two questions are not the same. A management team that runs operations competently but destroys value through bad acquisitions, excessive dilution or undisciplined capital deployment can take a great business and make it a mediocre investment. The inverse is equally true: a team that allocates capital brilliantly (buying distressed assets cheaply, reinvesting at high rates of return and returning surplus capital when reinvestment opportunities are scarce) can compound value at rates that the underlying asset economics alone would not predict. For Valeura, the capital allocation record since 2022 is one of the most important and least analyzed aspects of the investment case. It is also one of the cleanest.

Return on Invested Capital

Standard GAAP return metrics misrepresent Valeura's true capital productivity for the same reasons discussed in Section IV: the IFRS net income is distorted by non-cash deferred tax entries in every year. A reader using Yahoo Finance's reported ROE of 4.25% or ROA of 9.5% for TTM FY2025 would conclude the business earns modest returns. The cash-based reality is materially different.

The correct approach is to measure adjusted cash-based ROIC: adjusted after-tax cash flow from operations divided by invested capital, where invested capital is defined as total assets minus non-lease current liabilities minus the cash balance (since the cash is not generating operating returns). The calculation for FY2025 and FY2024 is set out below.

Return Metric	FY2025	FY2024
CAPITAL BASE (US$M)		
Total assets	885.8	857.3
Less: non-lease current	(143.8)	(156.9)
Less: cash balance	(305.7)	(259.4)
Invested Capital	**436.3**	**441.0**
RETURNS (US$M)		
Adj. CFO after tax	247.4	274.2
Adj. pre-tax CFO	269.6	356.6
Adj. EBITDA	300.4	378.0
IFRS net income	22.8	240.8

RETURN RATIOS		
Cash ROIC (adj. CFO / IC)	**56.7%**	**62.2%**
Pre-tax ROIC (pre-tax CFO / IC)	61.8%	80.9%
EBITDA / IC	68.8%	85.7%
GAAP ROE (NI / equity)	4.2%	45.6%
GAAP ROA (NI / assets)	2.6%	28.1%
Cash ROE (adj. CFO / equity)	45.6%	52.0%
COST OF CAPITAL (EST.)		
Risk-free rate (USD 10yr)	~4.2%	~4.0%
Equity risk premium (est.)	~5.0%	~5.0%
Country risk (Thailand)	~1.5%	~1.5%
Estimated WACC (unlevered)	**~10.7%**	**~10.5%**

The ROIC spread of approximately 46-52 percentage points above the estimated cost of capital is extraordinary by any standard. For context, a ROIC of 15-20% above WACC is considered excellent for a consumer staples or technology business with a genuine competitive moat. Valeura is generating a spread three times that wide. The drivers are: zero financial debt eliminates leverage costs entirely; the tax carry-forward shield keeps the effective cash tax rate near zero while it lasts; the low-cost shallow-water operating structure keeps per-barrel opex at the low end of the global range; and the infrastructure ownership strategy converts variable lease costs into fixed depreciation, bending the opex curve downward over time.

The ROIC will compress from current levels as the deferred tax asset is consumed and PITA cash taxes normalize toward statutory rates, a process that begins around 2028 at base-case oil prices. Even at full statutory PITA rates of 50% on taxable petroleum profits, however, a business generating US$270M of pre-tax operating cash flow on an invested capital base of approximately US$450M is earning a pre-tax ROIC of approximately 60% and a post-tax ROIC of approximately 30%, still massively above any reasonable cost of capital estimate.

Drilling Returns: The Compounding Engine

The most important recurring capital allocation decision Valeura makes is not M&A, it is drilling. Each year, the Company spends US$120-130M on development and infill drilling across its four fields. This is the engine of reserve replacement, production sustainability and field life extension. Whether those drilling pounds are being productively deployed is the central operational capital allocation question for any producing upstream company.

Investment	Capital (US$M)	Incremental Production	Return Metric	Payback
Jasmine 9-well campaign (2025)	~39.3	+1,700 bbls/d	~US$37.8M/yr net rev	~12 months
Nong Yao 10-well campaign (2025)	~55.0	Sustained ~11,000 bbls/d	Reserve replacement + life ext.	~12 months
Manora 5-well campaign (2025)	~15.0	+3 wells on prod. Mar 2026	Life extension to ~2030s	~12 months
Wassana CPP redevelopment	~150.0	+7,000 bbls/d (2027)	40% IRR at US$60/bbl	~18 months
Nong Yao slot expansion ($7M)	7.0	+4 well slots (Nov 2026)	Enables future infill drill	~12 months per well
Nong Yao FSO purchase (2024)	19.0	Eliminates lease renewal risk	Reduces opex/bbl structurally	~3-4 years
Manora FSO purchase (Jan 2026)	15.5	Eliminates lease renewal risk	Reduces opex/bbl structurally	~3-4 years

The M&A Track Record: US$55M In, US$673M Out

Capital allocation through M&A is where great businesses are most commonly destroyed. Acquirers overpay in competitive auctions, underestimate integration complexity and find post-closing that the asset economics were worse than modelled. The empirical literature is consistent: the majority of acquisitions destroy shareholder value for the acquiring company.

Two acquisitions. Both completed within a twelve-month window. Both in shallow-water offshore Thailand. Both structured around distressed or motivated seller dynamics. Combined acquisition cost: approximately US$55 million. Combined adjusted after-tax cash flow from operations generated in the three years since closing: US$673 million. That ratio, US$12 of cash generated for every US$1 spent on acquisition, does not require nuance or caveat.

Item	KrisEnergy (Jun 2022)	Mubadala (Mar 2023)
Assets acquired	Wassana (G10/48 89%), Rossukon G6/48	Jasmine/Ban Yen (B5/27 100%), Nong Yao (G11/48 90%), Manora (G1/48 70%)
Seller situation	KrisEnergy bankruptcy / administration	Mubadala portfolio rationalization (sovereign wealth fund exit)
Combined total	~US$55M combined (both acquisitions)	~US$55M combined (both acquisitions)
Production at close	~0 bbls/d (Wassana shut in)	~15,000 bbls/d (Jasmine + Nong Yao + Manora)
2P reserves at close	~3 mmbbls (Wassana only; Rossukon divested)	~27 mmbbls (three fields)
2P reserves at end-2025	19.7 mmbbls (Wassana, post-FID redevelopment)	38.1 mmbbls (three fields grown organically)
Reserve growth vs. close	+557% (from ~3M to 19.7M bbls)	+41% (from 27M to 38.1M bbls, after 3 yrs production)
After-tax 2P NPV10 (2025)	In total portfolio: US$692M after-tax	In total portfolio: US$692M after-tax
Cash gen. since close[1]	Included in FY2023-2025 totals	Included in FY2023-2025 totals
Combined CFO (3yrs)	**US$152M + US$274M + US$247M = US$673M**	**US$152M + US$274M + US$247M = US$673M**
Cash multiple on cost	**~12x in 3 years**	**~12x in 3 years**
Strategic rationale	CPP redevelopment potential; infrastructure hub	Production base; reserve replacement platform; cash flow engine
G6/48 (Rossukon) outcome	Divested Feb 2025 for $5M + 4.65% royalty	N/A

Sources: Q4 2025 MD&A, AIF 2025, acquisition press releases. [1] Combined portfolio CFO; field-level split not separately disclosed. Reserve figures gross (before royalties) working interest share. Consideration figures are estimates based on total combined disclosed consideration of approximately US$55M; Mubadala consideration included shares and cash; KrisEnergy consideration included assumption of operational obligations. After-tax 2P NPV10 is for entire Thailand portfolio per NSAI Dec 31, 2025 report.

Share Buybacks: Buying Dollars for Fifty Cents

The NCIB buyback program, running since November 2024, is a textbook illustration of value-accretive capital return. Valeura repurchased 1,771,804 shares in FY2025 at a volume-weighted average book value of C$2.11 per share. The actual market prices at which shares were repurchased in 2025 ranged between approximately C$6 and C$9 per share during the year, based on the monthly trading range data in the 2025 AIF. The total cash outlay was approximately C$10.6M, approximately US$7.7M at prevailing exchange rates.

NCIB Summary	FY2024	FY2025	Current Program
Shares repurchased	348,800	1,771,804	Up to 6.3M authorized
Cash cost (est. USD)	~US$1.6M	~US$7.7M	~US$60M if fully used
Avg. repurchase price (approx.)	~C$6.5	~C$7.5	Current price C$13.76
Price / NAV at repurchase	n/a	~0.58x	~1.06x at current price
Value-accretive?	Yes	Yes	Neutral to modest at ~C$14

At the current share price of C$13.76 (as of March 23, 2026), the NCIB is no longer buying at a 40-46% discount to the December 2025 NAV. The price has re-rated toward NAV. However, the December 2025 NAV was computed at a long-run oil price deck; it does not reflect the current environment of Brent at US$100+ and Dubai at a material premium. An updated NAV at current prices would likely show a materially higher NAV per share, potentially restoring a meaningful discount. Management would be wise to continue buybacks if the price remains below a revised oil-price-adjusted NAV and to prioritize M&A or drilling over buybacks if the price converges toward intrinsic value.

VII. THE PEOPLE RUNNING THE BUSINESS

"Invest with managers who think like owners, not promoters."

The checklist question '*does management talk like an owner or a promoter?*' has a specific meaning. Owners discuss trade-offs, admit difficult quarters and explain downside scenarios. Promoters sell the upside and reframe every problem as a temporary setback. Valeura's leadership passes this test.

Executive Leadership

Dr. Sean Guest (President and CEO, Director since 2018) is Valeura's founding strategist in its current form. His career prior to Valeura was spent almost entirely in Southeast Asia upstream oil and gas: he served as Senior Vice President at Salamander Energy, a London-listed independent focused on Thai and Indonesian offshore assets that was acquired by PTTEP in 2015 for approximately US$225 million, the same entity that became Valeura's farm-in partner in 2025. He also served as Vice President at Premier Oil, which had significant Southeast Asia exposure. Guest's regional relationships, geological knowledge and regulatory fluency are the edge that made the KrisEnergy and Mubadala acquisitions possible at the prices achieved and that produced the PTTEP partnership. He joined Valeura as COO in May 2017 and became President in October 2017.

Yacine Ben-Meriem (CFO, appointed 15 May 2023) replaced Heather Campbell as the Company transitioned from acquisition mode to operational scale. His record encompasses the November 2024 internal restructuring that unlocked US$373M of loss carry-forwards at zero cash cost; the Wassana CPP fixed-price contract that eliminated cost-overrun risk; the FSO purchase transactions; and the maintenance of zero financial debt throughout a period of US$188.7M annual capex.

Greg Kulawski (COO, appointed 17 July 2023) manages day-to-day operations, including the drilling programme (19 wells completed in FY2025 across the Jasmine/Ban Yen and Nong Yao fields), the Wassana CPP construction, and production optimisation across all four fields. Under his tenure, FY2025 production, opex and capex guidance were all met. Kelvin Tang (EVP, General Counsel, appointed May 2023) manages legal and regulatory affairs across five jurisdictions; the PTTEP farm-in, Transatlantic JVA, and November 2024 restructuring were all executed without legal disputes. Ian Warrilow (Thailand Country Manager, appointed May 2023) handles the in-country DMF and Ministry of Energy interface; the Company has operated four offshore licences for three years without a material regulatory dispute or enforcement action.

Board of Directors

Valeura's Board comprises seven members: six independent directors and one executive (Guest). Dr. Timothy Marchant (Chairman since 2018, Director since 2015) brings fifteen years of E&P governance experience as a Director of Vermilion Energy from 2010 to 2025. Timothy Chapman (Director since 2010, Reserves Committee Chairman, Audit

Committee member) is the longest-serving independent director. Russell Hiscock (Director since 2018, Audit Committee Chair) provides financial oversight. James McFarland (Director since 2020, Reserves Committee member) adds further independent perspective. Lina Lee (Director since August 2023) provides Southeast Asia regional expertise directly relevant to Gulf of Thailand operations. Anna Green (Director since January 2024) was appointed as the Company entered its operational maturity phase.

Communication Quality

Five specific, testable observations from the three-year filing record. First, guidance accuracy: in FY2025, all three operational metrics were hit (production of 23,242 bbls/d within the 23,000-25,000 range, adjusted opex of US$223M within US$215-245M and adjusted capex plus exploration of US$193M within US$175-196M). FY2024 guidance was similarly met. Second, problem disclosure speed: the June 2024 Wassana MOPU anomaly was disclosed the same day it was identified, with specific follow-up as the investigation progressed. Third, downside planning made explicit: the Q4 2025 CEO letter references pre-prepared contingency plans and specifies the immediate decision to add four well slots at Nong Yao for US$7M. Fourth, GAAP transparency: every MD&A since 2023 includes detailed IFRS-to-non-IFRS reconciliations and proactively explains why headline net income misleads. Fifth, regulatory uncertainty handled precisely: the March 2026 Thai energy security measures were clarified within the week, distinguishing refined product restrictions from crude oil (which remained unrestricted).

Related-Party Transactions and Key Person Risk

The AIF 2025 and financial statement notes disclose no material related-party transactions beyond standard executive compensation. There are no loans to or from directors, no consulting arrangements with related entities, no acquisitions from related parties and no royalty or streaming arrangements with management-controlled entities. Both acquisitions were arm's length; the PTTEP farm-in is with Thailand's national oil company; the FSO purchases were from independent vessel owners; the Wassana CPP contract was competitively tendered.

Key person risk is real but managed. Sean Guest's specific combination of PTTEP relationship depth, Gulf of Thailand operational expertise and M&A origination track record is not easily replaceable. His departure would slow the deal pipeline and require rebuilding senior PTTEP relationships. However, operations would continue uninterrupted under Kulawski's team; the existing four-field production base and Wassana CPP are not CEO-dependent; and the Board, with Marchant's fifteen years of E&P governance experience, has the capability to run a credible succession process. The practical risk to monitor is not sudden departure but gradual alignment deterioration: any acquisition that serves strategic rather than financial criteria, or any modification to PSU vesting that reduces relative-return accountability, would warrant immediate reassessment.

VIII. WHAT COULD GO WRONG

"Don't ask what can go right. Ask what can go wrong."

The discipline to argue against the thesis is the most important analytical exercise in this report. Every risk identified below is stated in its strongest form, not softened, not immediately followed by a reassurance, not buried in qualifications. The reader should finish this section having genuinely confronted the ways in which this investment could fail. The subsequent valuation section builds from that honest foundation.

The table below summarizes the seven material risks, each assessed on probability and financial impact. The risk register is followed by a detailed analysis of each.

Risk	Probability	Financial Impact	Mitigant Quality
1. Oil price collapse (sustained US$45-55/bbl)	Low-Medium	High	Strong: US$306M cash, zero debt, breakeven ~US$40/bbl
2. Thailand jurisdiction / fiscal change	Low	Medium-High	Moderate: economic alignment, no precedent, 2030+ risk
3. Wassana CPP execution delay	Low-Medium	Low-Medium	Strong: fixed-price contract, 56% complete, ahead of plan
4. Jasmine field rapid decline	Low-Medium	Medium	Moderate: 9/9 well success rate, 7 yrs drilling runway
5. SRB spike at high oil prices	Medium	Low-Medium	Moderate: natural drilling offset; capped at 75% of profit
6. PTTEP farm-in not approved	Low	None to current NAV	Strong: not in current valuation; US$20M refundable
7. CEO departure / key person	Low	Medium	Moderate: operational bench strong; strategy embedded

All assessments are author estimates based on publicly available information. They are not forecasts.

Risk 1: Sustained Oil Price Collapse

Oil price is the dominant variable in any Valeura investment outcome. The scenario that matters is not a temporary dip to US$60/bbl, the business generates positive FCF at that level even with the Wassana CPP growth spend, but a sustained multi-year period at US$45-55/bbl, the kind of environment seen in 2015–2016 and briefly in 2020.

At US$55/bbl, the Section IV sensitivity analysis showed adjusted CFO and maintenance FCF turning slightly negative due to the committed Wassana CPP spend. The Company would begin drawing down its US$306M cash balance. At US$45/bbl, adjusted CFO falls to approximately US$50-60M. Still positive, but barely covering sustaining capex and the cash balance would decline at approximately US$80-100M per year after essential drilling and the Wassana completion.

The critical observation is what does not happen: there is no covenant breach, no forced equity raise, no debt maturity, no existential liquidity crisis. With US$306M in net cash and zero debt, Valeura could sustain US$55/bbl oil for three full years before its cash balance fell below US$50M. Most leveraged E&P companies would face existential stress at US$55/bbl within twelve to eighteen months.

The additional mitigant is the tax carry-forward pool. At US$55/bbl, the petroleum profit available to attract SRB shrinks toward zero (capex deductions suppress taxable profit substantially), and PITA cash taxes remain near-zero because the remaining US$282.8M of loss carry-forwards shelter income. The effective cash tax burden at US$55/bbl is likely under US$5M per year.

What changes the risk calculus is duration. A one-year dip to US$55/bbl: the Company draws down cash, completes the Wassana CPP and emerges with a stronger production base. A three-year sustained period at US$55/bbl: the Company consumes US$200-250M of its cash cushion, but the Wassana CPP is operational, production is higher, and the per-barrel economics improve from 2027 onwards. A five-year sustained period at US$55/bbl post-2027: a scenario that would require material reduction in drilling activity, likely declining production and increasing pressure on the valuation.

Risk 2: Thailand Jurisdiction and Fiscal Change

The form of political risk most relevant to Valeura is not expropriation, there is no precedent for seizure of petroleum concessions in modern Thai history and the government's own March 2026 energy security measures demonstrated preference for cooperation over coercion when facing supply pressures. The relevant risk is fiscal change: either at license renewal (when existing concession terms expire) or via new legislation affecting operating concessionaires mid-term.

License renewal is the more quantifiable risk. The B5/27 license (Jasmine/Ban Yen) expires in 2031. The G11/48 license (Nong Yao) expires in the mid-2030s. Thailand's newer petroleum blocks operate under Production Sharing Contract terms (PSC), which carry a 20% PITA rate versus 50% for concessions. Paradoxically, a renewal to PSC terms could be fiscally advantageous for Valeura, not adverse. The risk is if Thailand imposes both PSC terms and higher government profit share, or introduces new royalties or surcharges on renewal. This is a 2030+ risk for the two most productive fields, giving management eight or more years to generate cash, build relationships and negotiate from a position of strength as a demonstrated good operator.

Mid-term fiscal change is less likely but non-zero. The 2017 Petroleum Act amendments that introduced PSC and service contract regimes alongside existing concessions created a more complex legal landscape, but they explicitly grandfathered existing concession holders under their original terms. A government that wants to attract the 25th bidding round participants (announced January 2025) has strong incentives not to retroactively change terms for current operators. The most credible near-term fiscal risk is the SRB at high oil prices, a known, disclosed and calculable feature of the existing regime, not a political surprise.

The honest assessment: Thailand jurisdiction risk is real, medium-dated and manageable for an operator with Valeura's regional relationships and track record. It is not a reason to avoid the investment. It is a reason to monitor the specific signals: any proposed legislative change to the Petroleum Act or PITA during the license period; any evidence of government pressure on foreign operators specifically; any change in DMF posture toward Valeura's concession compliance. None of those signals are present in the current public record.

Risk 3: Wassana CPP Execution Delay

The Wassana CPP redevelopment is the single most important near-term capital project in the portfolio. At 56% completion as of March 2026, with a fixed-price contract for the platform, main procurement completed and construction described as ahead of plan, the primary remaining risk is not budget but timeline.

The specific residual risks are: offshore installation window (the CPP must be installed at the Wassana field, which requires suitable weather conditions and available marine vessels), commissioning complexity (bringing a new processing platform online in a heavy-oil field environment requires careful well tie-in and process startup, which can take longer than planned) and the transition from the existing MOPU Ingenium (which must remain operational until the CPP is ready).

The financial impact of a one-quarter delay is approximately US$25-30M of deferred incremental revenue. The fixed-price contract means there is no capital overrun from delay unless the delay is caused by scope changes or force majeure events not covered by the contract. Management's stated confidence that the project is tracking at or below budget, with construction ahead of schedule, is a positive leading indicator. The base case remains Q2 2027 first oil.

Risk 4: Jasmine Field Rapid Decline

Jasmine/Ban Yen is Valeura's most mature producing asset. The field has been producing since the early 2000s under prior operators and the 2P reserves life under NSAI extends to the early 2030s only on the assumption of continued successful infill drilling. If the drilling program encounters a series of dry holes production from Jasmine could decline materially faster than the reserve schedule implies.

Risk 5: SRB Windfall Tax Spike at High Oil Prices

The Special Remunerator Benefit is a counter-cyclical feature of the Thai fiscal regime that is easy to misread. At first glance, it appears to be an asymmetric risk: in a high oil price environment the SRB could spike and consume a disproportionate share of the upside. The reality is more nuanced, but the risk is real and requires explicit quantification.

At FY2025's US$70.2/bbl average realized price, total SRB was US$19.8M against revenues of US$594M, an effective rate of 3.3%. At US$100/bbl with the same drilling program, the petroleum profit base expands by approximately US$250M, but the metre base is unchanged. A reasonable estimate for SRB at US$100/bbl with current drilling is

US$40-60M, versus US$19.8M at US$70/bbl. Painful, but consuming only 8-16% of the incremental US$250M pre-SRB revenue gain from the price increase.

Risk 6: PTTEP Farm-In Not Approved

The farm-in agreement on Blocks G1/65 and G3/65 remains subject to Thai government approval as of this report's date. The US$20M in back costs paid by Valeura sits in prepaid assets on the balance sheet, not capitalized as an E&E asset. If the government does not approve the transaction, the US$20M would be returned or redirected per the terms of the agreement.

The probability of non-approval is low. The Thai government itself awarded these blocks to PTTEP in the 24th bidding round in 2022-2023. A farm-in by a credible international operator is precisely what the government's exploration framework is designed to facilitate. The government's interest is in having the blocks developed quickly and efficiently; Valeura's involvement with its owned infrastructure accelerates that outcome.

More importantly, the financial impact of non-approval on the current investment thesis is minimal to zero. None of the 2C contingent resources from G1/65 and G3/65 are included in the NSAI December 2025 reserve base or NAV calculation. The current NAV of approximately US$998M is a fully self-contained, farm-in-independent figure.

Risk 7: CEO Departure and Key Person Concentration

As discussed in Section VII, Sean Guest's specific combination of PTTEP relationship history, Gulf of Thailand operational expertise, and M&A deal origination track record is not easily replaceable. His departure would represent a material event.

The practical risks from CEO departure are: the PTTEP farm-in approval process, which benefits from Senior relationship management; future M&A origination, where Guest's regional network and credibility have been the primary deal sourcing mechanism; institutional investor confidence, which has been built around a specific management narrative that Guest has communicated consistently over three years. Operational continuity would not be materially disrupted, as those programs are managed by Kulawski's operational team.

The monitoring signal: any change in the CEO's public communication cadence, any significant vesting event of equity that creates an incentive to time departure, or any Board announcement regarding succession planning would warrant immediate attention. There are no such signals in the current public record.

IX. VALUATION & MARGIN OF SAFETY

"Price is what you pay. Value is what you get." Warren Buffett

Valuation of an upstream oil company is simultaneously more objective and more context-dependent than valuation of a consumer or technology business. More objective because the primary input is independently certified by a third-party engineering firm using a standardized methodology. More context-dependent because the value of those reserves is a direct function of future oil prices, which cannot be forecast with precision. The correct approach is to make the valuation completely transparent across a range of price scenarios.

All monetary figures in this section are in US dollars unless explicitly labelled C$. The USD/CAD exchange rate used throughout is 1 USD = 1.370 CAD. Share price referenced is C$13.76 / US$10.05, the closing price on March 23, 2026.

At C$13.76 per share (US$10.05), Valeura trades at a market capitalization of approximately US$1,061 million on 105.5 million shares outstanding. Netting the December 31, 2025 cash balance of US$305.7 million, the enterprise value is approximately US$755 million. This is the figure against which all value estimates should be measured.

Metric	Value
Share price (Mar 23, 2026)	C$13.76 / US$10.05
Market capitalisation	US$1,061M / C$1,453M
Net cash (Dec 31, 2025)	US$305.7M
Enterprise Value	US$755M
EV / Adj. EBITDA (FY2025)	2.5x
EV / Adj. CFO (FY2025)	3.1x
EV / 2P Reserves	US$13.1/bbl
P / NAV (Dec 2025)	1.06x
P / Book Value	1.95x
Trailing P/E (GAAP)	47.5x
Forward EV/EBITDA	~1.7x
FCF yield (maintenance, FY2025)	13.5%
FCF yield (reported, FY2025)	8.6%

Sources: FY2025 audited financial statements; Q4 2025 MD&A; NSAI Dec 31, 2025 reserves report; Yahoo Finance (Mar 23, 2026). EV computed as market cap minus total cash balance (including restricted cash). GAAP P/E distorted by deferred tax expense; see Section IV. Forward EV/EBITDA is author estimate at current oil price environment, not company guidance.

Two observations stand out from this snapshot. First, the 2.5x EV/EBITDA at FY2025's US$70/bbl oil price is the valuation of a business that the market treats as fully cyclical and likely to mean-revert, not the valuation of a business with a 7.5-year reserve life, a 192% reserve replacement ratio, zero debt, US$306M in cash and a transformative production step-change arriving in Q2 2027. Second, the 1.06x P/NAV is simultaneously the most reassuring and most limited metric: reassuring because the NSAI-certified asset base more than justifies the current price; limited because the NAV was computed using a price deck of US$64/bbl for 2026, rising to US$69/bbl in 2027. The NSAI NAV is therefore a structural floor, not a ceiling.

The NSAI Price Deck: A Floor, Not a Ceiling

The NSAI December 31, 2025 reserves report uses a standardized consensus price deck based on the average of three Canadian petroleum consulting firms' long-run oil price forecasts as of the preparation date. That deck, as disclosed in the 2025 AIF, assumes Brent crude oil at US$64/bbl in 2026, US$69/bbl in 2027, US$74/bbl in 2028, and US$76–87/bbl from 2029 to 2036, with 2% per year escalation thereafter.

Brent crude was trading close to US$102/bbl at the time of this report's publication, with Dubai crude at a substantial premium to Brent due to the Strait of Hormuz disruption. Valeura's realized price in Q4 2025 was US$64/bbl, essentially identical to the NSAI 2026 deck assumption. The current spot environment is therefore not reflected in the published NAV at all. Every barrel of the 57.8 mmbbls of 2P reserves is being discounted at US$64-81/bbl in the published figure. At current prices, the same barrels are worth materially more.

The quantitative impact requires careful modelling. The 2P NPV10 is the discounted present value of future net revenues after royalties, opex, capex and taxes, across a production schedule that spans 2026-2042. Each US$1/bbl increase in the long-run realized price, holding all costs constant, flows through to net revenue at approximately the royalty-adjusted and opex-adjusted margin of approximately US$0.60-0.65/bbl (after approximately 13% royalty and the per-barrel opex being fixed). Across 57.8 mmbbls and discounted at 10%, the NPV10 sensitivity to a US$1/bbl permanent price shift is approximately US$15-20M. A sustained US$20/bbl premium to the NSAI deck therefore implies approximately US$300-400M of additional after-tax NPV10, roughly US$3.00-3.75 per share.

Brent Price Assumption	Delta vs. NSAI Deck	Est. After-Tax NPV10 Increase	Estimated Updated NAV	Per Share (C$)
US$64/bbl (NSAI 2026 deck)	-	-	US$998M (published)	C$12.95
US$70/bbl (FY2025 avg.)	+US$6	+~US$90-120M	~US$1,090-1,120M	~C$14.1
US$75/bbl (base case)	+US$11	+~US$165-220M	~US$1,163-1,218M	~C$15.1
US$85/bbl (mild bull)	+US$21	+~US$315-420M	~US$1,313-1,418M	~C$17.0
US$100/bbl (current env.)	+US$36	+~US$540-720M	~US$1,538-1,718M	~C$19.9
US$110/bbl (extended bull)	+US$46	+~US$690-920M	~US$1,688-1,918M	~C$21.8

At the current oil price environment of US$100/bbl Brent, the estimated updated NAV is in the range of US$1.54-1.72B, or approximately C$19.9/sh at the midpoint. That is 45% above the current share price. The current price of C$13.76 is implying an oil price of approximately US$70-71/bbl in the NAV framework.

Intrinsic Value

The NAV-based analysis is the primary valuation method for an E&P company with independently certified reserves. Three additional methods provide cross-checks. When multiple methods converge on a similar range, confidence increases. When they diverge, the divergence requires explanation.

The three oil price scenarios used are: Bear (US$55/bbl), Base (US$75/bbl) and Bull (US$100/bbl). All production volumes use FY2025 actuals (23,242 bbls/d, 8.483 mmbbls/year) unless otherwise noted.

Valuation Method	Bear (US$55/bbl)	Base (US$75/bbl)	Bull (US$100/bbl)
1. NAV METHOD (primary)			
NSAI base NAV	US$998M = C$12.95/sh	US$998M = C$12.95/sh	US$998M = C$12.95/sh
Price delta vs. NSAI deck	-US$9/bbl	+US$11/bbl	+US$36/bbl
Est. NAV adjustment	-US$135-180M	+US$165-220M	+US$540-720M
Est. Updated NAV	**~US$818-863M**	**~US$1,163-1,218M**	**~US$1,538-1,718M**
Per share (C$)	**~C$10.6-11.2**	**~C$15.1-15.8**	**~C$19.9-22.3**

2. EV/EBITDA MULTIPLE			
Estimated Adj. EBITDA	~US$107M	~US$258M	~US$440M
Fair multiple (small-cap E&P)	3.5x	3.5x	3.5x
Implied EV	US$374M	US$903M	US$1,540M
Add: net cash	+US$306M	+US$306M	+US$306M
Implied equity value	**US$680M**	**US$1,210M**	**US$1,846M**
Per share (C$)	**~C$8.8**	**~C$15.7**	**~C$24.0**
3. MAINTENANCE FCF YIELD			
Est. maintenance FCF	~US$(22M)	~US$95M	~US$257M
Fair FCF yield (SE Asia E&P)[2]	n/a (negative)	10%	9%
Implied EV on producing assets	n/a	US$950M	US$2,856M
Add: net cash	n/a	+US$306M	+US$306M
Implied equity value	**n/a**	**US$1,256M**	**US$3,162M**
Per share (C$)	**n/a**	**~C$16.3**	**~C$40.9**
4. EV/BBL TRANSACTION COMPS			
2P reserves	57.8 mmbbls	57.8 mmbbls	57.8 mmbbls
Fair EV/bbl (SE Asia precedent)[3]	US$12/bbl	US$18/bbl	US$22/bbl
Implied EV	US$694M	US$1,040M	US$1,272M
Add: net cash	+US$306M	+US$306M	+US$306M
Implied equity value	**US$1,000M**	**US$1,346M**	**US$1,578M**
Per share (C$)	**~C$13.0**	**~C$17.4**	**~C$20.4**
RANGE SUMMARY			
Low end of range	~C$9-11	~C$15-16	~C$20-22
High end of range	~C$13	~C$18	~C$41

Current price	C$13.76	C$13.76	C$13.76
Implied upside / (downside)	**(35%) to (6%)**	**+9% to +31%**	**+45% to +197%**

[1] A uniform 3.5x EV/EBITDA multiple is applied across all scenarios, sitting within the 3.0-5.0x range typical of small-to-mid cap SE Asia E&P companies. The oil price drives the valuation range, not an assumed re-rating. [2] FCF yield: 10% at base, 9% at bull (larger absolute FCF supports slight compression). Bear not applicable as maintenance FCF is negative solely due to committed Wassana CPP growth capex. [3] EV/bbl transaction comps: Bear US$12/bbl (distressed M&A pricing); Base US$18/bbl (mid-cycle SE Asia shallow water); Current US$22/bbl (premium for high-quality reserves in supply-constrained environment). EBITDA estimates at US$55/bbl, US$75/bbl, US$100/bbl from Section IV sensitivity analysis. All per-share values on 105.5M basic shares; USD/CAD = 1.370.

Reading the Valuation Table

Three observations from the convergence (or divergence) of the four methods across three scenarios.

First, in the Bear scenario at US$55/bbl, only the EV/bbl method produces an implied price above today's C$13.76. The NAV method implies C$10.6-11.2 (current price slightly above this floor); the EV/EBITDA multiple implies C$8.8 (current price 56% above that floor); the FCF yield method is not applicable because maintenance FCF turns negative solely due to the committed Wassana CPP growth spend. The bear case says: at US$55/bbl sustained, the stock is approximately fairly priced to modestly overvalued versus what the asset base earns in cash. The Company does not run out of cash and does not need to issue equity but the investment thesis is not being generously rewarded at current entry prices if oil moves that far against the position.

Second, in the Base scenario at US$75/bbl all four methods converge in a tight range of C$15-18 per share. The current price of C$13.76 implies a 9-31% discount to intrinsic value at this price. This is the scenario where the investment makes money reliably, over time, without requiring any resolution of the current geopolitical situation in the Middle East.

Third, in the Current scenario at US$100/bbl, the methods diverge widely because the FCF yield method extrapolates today's exceptional earnings capacity into perpetuity, which is clearly not the right assumption for a cyclical commodity producer. The FCF yield method at US$100/bbl should be read as an upper bound on the optionality value of the current environment, not a base case. The NAV and EV/bbl methods, which are more anchored to asset value than current earnings, produce a more disciplined range of C$20-22, implying 45-60% upside from today's price if current conditions persist long enough to be reflected in long-run planning assumptions.

The Wassana Production Step-Change

None of the valuation methods above fully capture what happens in 2027 when the Wassana CPP comes online and production increases from approximately 3,000 bbls/d to approximately 10,000 bbls/d. The NAV method captures it only implicitly through the NSAI reserve schedule, which already incorporates Wassana's development drilling and production profile. The multiple-based methods use FY2025 EBITDA, which runs at 3,000 bbls/d, not 10,000 bbls/d.

The incremental value of the Wassana step-change can be isolated. Incremental production: 7,000 bbls/d. Net margin at US$75/bbl (after royalties and opex): approximately US$44/bbl. At a 4.0x EV/EBITDA multiple, this implies an

incremental EV of approximately US$450M, solely from the Wassana step-change. On a per-share basis: US$450M / 108.8M diluted shares = US$4.14 / C$5.67 of incremental value arriving in 2027. The current price implies this value is either not believed, not yet priced, or being substantially discounted for execution risk. At 56% completion with a fixed-price contract and construction ahead of schedule, the execution risk discount seems excessive.

PTTEP Farm-In: Optionality Not in NAV

The PTTEP farm-in on Blocks G1/65 and G3/65, pending Thai government approval, adds zero dollars to the NSAI December 2025 NAV and zero dollars to any of the four valuation methods above. It is pure optionality. The 2C contingent resources from these blocks include: the Bussabong gas discovery (FID expected 2026, first gas targeted 2028), multiple oil discoveries in the Nong Yao Northeast fairway directly adjacent to Valeura's existing Nong Yao infrastructure and exploration acreage covering 20,134 additional km². The optionality is real and potentially material. It is not valued here because neither Valeura nor NSAI has published an independent resource estimate for the PTTEP blocks under Valeura's 40% working interest. When that estimate is published it will be additive to every valuation metric in this section.

Why the Opportunity Exists

A stock trading at 2.5x EBITDA with a 7.5-year reserve life, record cash balance, zero debt and a major production step-change arriving in twelve months would not normally last long without the market closing the gap. Several factors sustain the discount.

The most important is GAAP confusion. The IFRS net income of US$22.8M in FY2025 implies a trailing P/E of approximately 47x. An investor running a screen for "cheap energy stocks below 10x P/E" will never find Valeura. The same investor applying adjusted CFO (US$247M, implying a price/CFO of 4.3x) would find it immediately. The gap between headline earnings and cash earnings is bridgeable only by reading the filing in detail. Most investors do not.

Second, the geography discount. "Thailand" triggers an automatic emerging-market risk discount from many institutional investors, particularly those operating under ESG mandates that flag Southeast Asian oil production or use country-level regulatory risk scores without granular country-specific analysis.

Third, the float constraint. With approximately 59.7% of shares in the public float and average daily volume of approximately 418,000 shares per day (roughly US$4.2M daily turnover), Valeura is effectively closed to any institutional investor that needs to build a position above approximately US$20-25M without meaningfully moving the price. This structural illiquidity keeps large institutions on the sideline and limits the price discovery that concentrated institutional ownership typically accelerates.

Fourth, the short operating history. Three years is not enough for most investors to establish confidence in a reserve replacement track record, an M&A discipline, or a management credibility profile. The number of investors who have followed Valeura through its entire post-acquisition history is small. As the track record lengthens, each year of ~200%

reserve replacement, each year of guidance met, each year of cash balance growing, the addressable investor audience expands.

The Asymmetry

What is the range of outcomes and is it asymmetric? At C$13.76 per share, the analysis across four valuation methods produces the following distribution of outcomes.

In the bear scenario (US$55/bbl sustained): the stock is approximately fairly to modestly overvalued on an earnings basis, but the NAV floor at US$10-11 and the transaction-comp floor at US$13 provide support. The Company does not face bankruptcy, forced selling or balance sheet distress at any plausible oil price. Maximum realistic downside from current entry: approximately 20-35% to the NAV floor in a sustained low-price environment.

In the base scenario (US$75/bbl): four valuation methods converge on C$15-18. Upside from today: 10-31%. The Wassana CPP adds approximately C$5.67 per share of incremental value arriving in 2027. The PTTEP farm-in adds further unquantified optionality. The reserve replacement machine continues compounding the NAV upward.

In the current environment (US$100/bbl): NAV and EV/bbl methods suggest C$20-22. Upside: 45-60%. If current oil prices persist long enough to be embedded in the next NSAI reserves report (scheduled for early 2027 on December 31, 2026 data) the published NAV would likely exceed C$20 per share before the PTTEP blocks are counted at all.

The distribution is asymmetric. The downside is bounded by the asset value floor and the US$306M cash. The upside is amplified by oil price leverage, the Wassana production step-change and the compounding reserve base. This is not a 50/50 bet at current prices. It is a position where the bull case is 2-3x larger than the bear case, and the bear case does not involve permanent capital loss, only temporary underperformance relative to a normalised price. That asymmetry, heads I win materially, tails I recover slowly, is precisely what patient capital should be seeking in a small-cap resource name.

X. THE FINAL VERDICT

"The discipline to say 'no' is the investor's true competitive advantage."

The Thesis in Plain Language

Valeura Energy is a cash-generative shallow-water oil producer in the Gulf of Thailand. It has the second-largest operated oil production position in Thailand, built through two distressed acquisitions costing a combined US$55 million that have since generated US$673 million in cumulative adjusted operating cash flow. It holds US$306 million in net cash with zero financial debt. It is replacing reserves at approximately 200% per year for the third consecutive year, so its asset base is growing, not depleting. It has a major production step-change arriving in Q2 2027 that will add approximately 7,000 bbls/d at an NSAI-certified IRR of 40% at US$60/bbl. It trades at 2.5x EV/EBITDA at US$70/bbl oil, below the NSAI-certified NAV at any oil price above approximately US$64/bbl, and materially below updated NAV at current prices of US$100/bbl+ Brent.

The investment thesis rests on four claims, each of which is supported by a specific, documented, externally verified body of evidence.

First: the business generates substantial cash across a wide range of oil prices. At US$55/bbl adjusted CFO is approximately US$123M and the Company does not need to issue equity, draw on debt or curtail essential operations. At US$75/bbl, adjusted CFO exceeds US$240M and maintenance FCF exceeds US$95M. At current prices, the business is generating free cash flow at rates that, if annualised, represent a significant fraction of the entire enterprise value. The evidence: three years of audited financial statements, an independent NSAI reserves certification, and a US$306M cash balance that has grown every year since acquisition.

Second: the management team allocates capital with genuine discipline and has a documented track record to prove it. The two acquisitions were made at distressed prices from motivated sellers in a thin buyer pool; the combined 12x cash multiple in three years is not opinion, it is arithmetic from audited filings. The Wassana CPP was sanctioned only after an independent engineering study confirmed a 40% IRR at US$60/bbl on a fixed-price contract. FSO assets have been purchased rather than leased wherever the economics justify ownership. The NCIB buybacks in FY2025 were executed at prices representing a 42-46% discount to the NSAI-certified NAV. Each of these decisions is the documented behaviour of an organisation that thinks like an owner.

Third: the balance sheet provides genuine resilience. With US$306M in net cash, zero debt, US$282.8M of tax loss carry-forwards shielding future PITA payments and decommissioning obligations that have been reduced by 34% through engineering rigour, the Company is not fragile. It can sustain a multi-year low oil price cycle, fund the Wassana CPP to completion and continue a meaningful drilling programme, all simultaneously, without touching capital markets.

Fourth: the current stock price does not reflect the oil price environment. The NSAI December 2025 NAV of US$998M was computed using a price deck of US$64/bbl for 2026, rising to US$69/bbl in 2027. Brent crude is currently trading

above US$100/bbl with Dubai at a material premium. The stock is priced as though current oil prices are temporary noise on a US$65/bbl long-run mean. They may be. But they have now persisted for weeks, are driven by genuine supply disruption, and have not yet been reflected in any analyst consensus estimate, any NSAI reserve update, or any forward production guidance figure.

The Bear Case, Stated Honestly

A credible bear would argue: Valeura is a commodity producer with no structural moat whose entire asset base is concentrated in a single geography with single-basin geological exposure. The GAAP net income of US$22.8M in FY2025 is a genuinely weak number on any earnings-based screen. The Company has no dividend and no near-term commitment to introduce one. The FY2024 20% FCF yield on EV that this report highlights as a historical anomaly was clearly visible at the time and the market corrected it, the stock rose significantly from 2024 to 2025 and has already re-rated toward NAV. At C$13.76, the margin of safety on the December 2025 NAV is essentially zero. The Wassana CPP is real and partially complete, but offshore construction projects have surprised investors before. The PTTEP farm-in is still awaiting government approval after eight months. And the single biggest risk (the oil price) is not something Valeura can control, influence, or hedge.

These are legitimate objections. In the report we have identified the specific signals that would require reassessment.

The Sell Discipline: What Would Change the Mind

First, an undisciplined M&A transaction: any acquisition at a premium to NAV, from a related party, in a jurisdiction outside Southeast Asia or structured in a way that transfers value to management at minority shareholders' expense. The capital allocation track record is the most important positive in the thesis. A single bad deal would impair it permanently.

Second, a material adverse regulatory action in Thailand: any formal government action against Valeura's concession licences, any retroactive change to fiscal terms under existing concessions, or any prolonged suspension of operations beyond normal maintenance. This is a binary event. If it begins to materialise, there is no hedging mechanism; the correct response is exit.

Third, sustained Jasmine/Ban Yen drilling failure: two consecutive campaigns with success rates below 70% or average initial production below 500 bbls/d per well. This field requires continuous drilling to hold production flat. If the geological inventory is exhausting faster than the reserve schedule implies, the production and NAV trajectory deteriorates materially.

Fourth, Wassana CPP abandonment: any announcement that the CPP project is being paused, redesigned, or abandoned due to construction failure. At 56% complete under a fixed-price contract, this remains a very low probability event, but if it occurs, the step-change that justifies a meaningful premium to current NAV disappears entirely.

APPENDIX A. KEY FINANCIAL DATA

Consolidated Financial Summary

All figures in US dollars. Sources: Audited Consolidated Financial Statements FY2023, FY2024, FY2025; Q4 2025 MD&A. Non-IFRS measures (adj. EBITDA, adj. opex, adj. capex, adj. CFO, FCF) as defined and reconciled in the respective MD&A. Footnotes distinguish GAAP from non-IFRS figures throughout.

Metric	FY2023	FY2024	FY2025	Q4 2025
PRODUCTION & PRICING				
Avg. daily oil production (bbls/d)	15,960	22,825	23,242	24,721
Oil volumes sold (mmbbls)	5.85	8.35	8.47	2.52
Avg. realised price (US$/bbl)	~84.3	81.3	70.2	64.0
INCOME STATEMENT (US$M)				
Oil revenues	493.5	678.8	594.4	161.4
Other income	12.3	10.2	18.1	3.6
Operating expenses	180.2	186.4	191.7	60.0
Royalties	66.7	81.7	72.9	20.2
Special Remuneratory Benefit (SRB)	15.1	29.2	19.8	16.0
G&A expenses	28.2	31.6	35.8	12.3
Finance costs	34.0	28.4	21.7	5.3
Depletion and depreciation	128.7	197.6	205.5	65.8
IFRS profit before tax	46.0	131.9	62.0	(14.6)
IFRS net income[1]	244.3	240.8	22.8	(12.6)
EPS basic (US$)	2.47	2.28	0.21	(0.12)
NON-IFRS MEASURES (US$M)				
Adj. EBITDA[2]	230.7	378.0	300.4	70.1
Adj. pre-tax CFO[2]	238.7	356.6	269.6	66.1
Adj. CFO (after tax)[2]	152.4	274.2	247.4	49.4
Adj. CFO / bbl (US$/bbl)[2]	~26.0	32.8	29.2	21.7

Adj. opex²	165.1	214.9	222.7	63.9
Adj. opex / bbl (US$/bbl)²	n/a	25.7	26.3	28.1
Adj. capex²	103.7	134.3	188.7	54.5
Free cash flow²	n/a	140.7	65.2	(1.3)
BALANCE SHEET (US$M)				
Cash and cash equivalents	133.9	236.5	282.7	282.7
Total cash (incl. restricted)	133.9	259.4	305.7	305.7
Net cash (zero debt)	133.9	259.4	305.7	305.7
PP&E + ROU assets	~280	335.9	351.3	351.3
Deferred tax asset (net)	-	146.0	109.1	109.1
Decommissioning obligations	129.5	83.6	85.3	85.3
Total lease liabilities	~74	74.5	92.5	92.5
Total equity	284.2	528.3	542.8	542.8
KEY RATIOS				
EV / Adj. EBITDA (at year-end EV)³	n/a	~1.4x	~2.5x	~2.5x
Adj. CFO / revenue	30.9%	40.4%	41.6%	30.6%
Capex / D&A	0.81x	0.68x	0.92x	0.83x
2P reserves replacement ratio	n/a	245%	192%	192%
2P Reserves Life Index (years)	n/a	7.0	7.5	7.5

¹ IFRS net income is materially distorted by non-cash items in each year: FY2023 includes US$238.1M bargain purchase gain and US$30.8M deferred tax recovery; FY2024 includes US$177.2M deferred tax recovery; FY2025 includes US$36.9M deferred tax expense. See Section IV for full analysis. ² Non-IFRS measures as defined and reconciled in each period's MD&A. ³ EV at respective year-end market cap minus net cash. FY2023 EV not calculated (pre-full consolidation). FY2023 adj. EBITDA and adj. CFO from Q4 2024 MD&A comparative figures. Q4 2025 FCF negative due to full-quarter Wassana CPP construction spend; FY2025 FCF positive.

Capital Structure (December 31, 2025)

Item	Amount	Notes
Common shares outstanding	105,538,654	Dec 31, 2025; down from 106,650,213 at Dec 31, 2024
Stock options outstanding	1,174,998	Exercise price at market; ~1.1% of diluted shares

PSUs and RSUs outstanding	2,054,809	3-year vest; PSUs tied to comparative TSR vs. peers
Total diluted shares	**~108,768,461**	**Full dilution if all instruments vest/exercised**
Shares repurchased (FY2025)	1,771,804	NCIB; cost ~C$10.6M; avg. book value C$2.11/share
Current NCIB authorisation	up to 6.3M	Nov 2025 - Nov 2026; ~6.0% of public float
Market cap (Mar 23, 2026)	US$1,061M	C$13.76/sh × 105.5M shares ÷ 1.370 FX
Net cash (Dec 31, 2025)	US$305.7M	Zero financial debt; includes restricted cash
Enterprise value (Mar 23, 2026)	~US$755M	Market cap minus net cash
Tax loss carry-forwards	US$282.8M	Shields PITA cash taxes for ~3 years at base prices
Baillie Gifford (shareholder)	~17.5%	Long-duration institutional; stable anchor
Thoresen Thai (shareholder)	~16.5%	Strategic / regional; stable anchor
Executive & Board (combined)	~6.3%	~6.65M shares; ~C$91M at C$13.76; real equity exposure
Free float	~59.7%	~63M shares; avg. daily volume ~418k shares
Listing	TSX: VLE	Also OTCQX: VLERF (USD quotation)

Sources: Q4 2025 MD&A; 2025 AIF; Feb/Mar 2026 corporate presentations. Market cap and EV as at March 23, 2026 close. Diluted share count assumes all options and awards vest; in practice not all will. Shareholder percentages approximate per most recent corporate presentation.

Reserve & Resource Summary (NSAI, December 31, 2025)

All reserve and resource figures are gross working interest share before royalties, evaluated by Netherland, Sewell & Associates Inc. (NSAI) with an effective date of December 31, 2025 and preparation date of February 13, 2026. Prepared in accordance with NI 51-101 and the COGE Handbook.

Category	Jasmine/Ban Yen	Nong Yao	Manora	Wassana	Total
PROVED RESERVES (1P) Mbbls					
Proved developed producing	6,465	4,751	1,557	1,319	14,091
Proved developed non-producing	1,413	153	77	432	2,074
Proved undeveloped	3,301	3,823	842	13,753	21,719

Total Proved (1P)	**11,179**	**8,726**	**2,476**	**15,504**	**37,884**
2P RESERVES Mbbls					
Total Probable	10,032	5,193	469	4,201	19,896
Total Proved + Probable (2P)	**21,211**	**13,919**	**2,945**	**19,705**	**57,780**
3P RESERVES Mbbls					
Total Possible	6,295	4,120	475	2,569	13,459
Total Proved + Probable + Poss.	**27,506**	**18,039**	**3,420**	**22,274**	**71,239**
CONTINGENT RESOURCES (2C) Mbbls					
Best estimate 2C	n/a	n/a	n/a	~39.5	39.5
NPV10 BEFORE TAX (US$M)					
Total 1P NPV10 BT	-	-	-	-	401.1
Total 2P NPV10 BT	-	-	-	-	871.9
Total 3P NPV10 BT	-	-	-	-	1,304.6
NPV10 AFTER TAX (US$M)					
Total 2P NPV10 AT	-	-	-	-	692.0
NAV (2P NPV10 AT + cash)	**-**	**-**	**-**	**-**	**997.7**
NAV per share (C$, 105.5M shares)	-	-	-	-	~C$13.00
2P Reserves Life Index	-	-	-	-	7.5 yrs
2P Reserves Replace. Ratio (2025)	-	-	-	-	192%

Source: NSAI Reserves/Resources Report, effective Dec 31, 2025, preparation date Feb 13, 2026; 2025 AIF Appendix A-1. All volumes are gross working interest share before royalties. 2C contingent resources are for the Wassana field only (Block G10/48) per NSAI Resources Report; classified as Development Unclarified (>99%) and Development Not Viable (<1%). Blocks G1/65 and G3/65 (PTTEP farm-in, pending government approval) are NOT included in any reserve or resource figure above. NAV uses NSAI forecast price deck: US$64/bbl (2026), rising to US$87/bbl (2036); see AIF for full deck. Disaggregated NPV10 by field not published by NSAI; total portfolio figures used.

APPENDIX B. OPERATIONAL REFERENCE DATA

Field-Level Production History (Working Interest Share Before Royalties)

All production figures are working interest share before royalties. Source: Q4 2025 MD&A selected quarterly information and operations overview; Q3 2025 MD&A; Q2 2025 MD&A.

Field / Period	Q1 2025	Q2 2025	Q3 2025	Q4 2025	FY2025 avg.	FY2024 avg.
Total portfolio (bbls/d)	23,853	21,412	22,976	24,721	23,242	22,825
Jasmine / Ban Yen (bbls/d)	~8,100	~7,600	~8,700	8,711	8,115	7,792
Nong Yao (bbls/d)	~9,400	~8,800	~11,000	11,009	9,818	8,544
Manora (bbls/d)	~2,200	~2,100	~2,100	2,145	2,138	2,568
Wassana (bbls/d)	~3,800	~2,900	~2,200	2,856	3,171	3,921
Oil revenues (US$M)	148.1	129.3	155.7	161.4	594.4	678.8
Avg. realised price (US$/bbl)	82.8	67.9	72.1	64.0	70.2	81.3
Adj. EBITDA (US$M)	~87.2	62.4	80.7	70.1	300.4	378.0
Adj. CFO after tax (US$M)	~74.3	50.5	73.2	49.4	247.4	274.2
Cash balance at period-end	n/a	242.0	248.4	305.7	305.7	259.4

Q1 2025 field-level split and Q1 adj. EBITDA/CFO are estimated by Sifter Research from FY2025 full-year and H1 2025 figures; not separately disclosed. Q4 2025 field-level production from Q4 2025 MD&A operations overview. FY2024 averages from Q4 2024 MD&A. Jasmine/Ban Yen Q4 2025 of 8,711 bbls/d followed by approximately 9,000 bbls/d in the first 10 days of March 2026 per Q4 2025 MD&A.

Drilling Campaign Summary (Valeura Operatorship, 2022–2025)

Summary of all disclosed drilling campaigns conducted by Valeura since assuming operatorship. All success rates and production impacts from company press releases and quarterly MD&As.

Campaign	Field / Licence	Period	Wells	Success Rate	Production Impact
Nong Yao infill (1)	G11/48	H2 2023	3	3/3 (100%)	Field life extended; appraised NYD accumulation
Jasmine infill (1)	B5/27	Q4 2024	5	5/5 (100%)	Production boost; appraised additional reservoir intervals
Manora campaign (1)	G1/48	Q1 2025	5	5/5 (100%)	Three infill + two appraisal wells; all successful

Jasmine / Ban Yen (2)	B5/27	Q2 2025	8	7/8 (88%)[1]	Seven development, appraisal wells; 1 exploration (Ratree)
Nong Yao campaign (2)	G11/48	Q3 2025	10	7/10 (70%)[2]	Seven completed as producers; 3 appraisal
Jasmine / Ban Yen (3)	B5/27	Q4 2025	9	9/9 (100%)	+1,700 bbls/d; ~9,000 bbls/d by Mar 2026
Manora campaign (2)	G1/48	Q1 2026	3	3/3 (100%)	Two infill + one appraisal; all on production

[1] One well (Ratree exploration) encountered only trace hydrocarbons; seven development/appraisal wells fully successful. [2] Ten-well campaign: seven completed as producers; three appraisal targets. Sources: Q4 2025 MD&A; Q3 2025 MD&A; Q2 2025 MD&A; Q4 2024 MD&A; respective press releases.

Key Asset and Licence Reference

Concession	Key Field(s)	WI	Water Depth	Crude Type	Licence Expiry	Key Infrastructure
B5/27	Jasmine, Ban Yen	100% op	~60 m	Light/med. sweet	~2032	FPSO (leased to 2028); owned MOPU; two wellhead platforms
G11/48	Nong Yao A/C/D	90% op	~75 m	Light/med. sweet	~mid-2030s	Owned FSO Aurora (purch. Jun 2024); MOPU (leased); two WH platforms
G1/48	Manora	70% op	~45 m	Light/med. sweet	~mid-2030s	Owned FSO (purch. Jan 2026); one WH platform
G10/48	Wassana	100% op	~48 m	Heavy (~22 API)	~2042	MOPU Ingenium (existing); new CPP (56% complete, Q2 2027 target)
G1/65	Nong Yao NE; gas	40% non-op[1]	n/a	Mixed (oil+gas)	PSC terms	PTTEP 60% op; adjacent to G11/48; farm-in pending approval
G3/65	Bussabong gas	40% non-op[1]	n/a	Gas (Bussabong)	PSC terms	PTTEP 60% op; FID 2026, first gas 2028 target; farm-in pending

[1] G1/65 and G3/65 farm-in agreements signed July 25, 2025; subject to Thai government approval as of report date. Not included in NSAI reserves or NAV. WI = working interest. Water depths approximate from company filings. Licence expiry dates: B5/27 from Dec 2022 acquisition press release (~2032); G11/48 and G1/48 mid-2030s from AIF context; G10/48 based on Wassana 2P field life to 2042 per NSAI.

PTTEP Farm-In: Block G1/65 and G3/65 Reference

Valeura signed a Farm-In Agreement with PTTEP Energy Development Company Limited on July 25, 2025 to earn a 40% non-operated working interest in Blocks G1/65 and G3/65 in the offshore Gulf of Thailand. The transaction remains subject to approval from the Government of Thailand as of this report's date.

Key terms: Valeura pays 40% of actual back costs related to the two blocks (US$20.0M paid as at September 30, 2025) and will carry PTTEP on an additional 3D seismic survey capped at US$3.7M gross. Upon approval, Valeura's gross

acreage expands from 2,623 km² to 22,757 km², a tenfold increase. The US$20M paid has been expensed as a deposit on the balance sheet and is refundable or redeployable if approval is not received.

Known resources and exploration targets within the two blocks include: Bussabong gas discovery (Block G3/65, multiple accumulations within 10 km of the Bongkot gas field, FID expected 2026, first gas 2028 target); Nong Yao Northeast oil fairway (Block G3/65, adjacent to G11/48, 3D seismic acquired over oil fairway, results expected mid-2026); and historic gas discoveries on Block G1/65 (including Jarmjuree South) with existing 3D seismic coverage. No NSAI or Valeura resource estimate for these blocks under Valeura's 40% interest has been published as of this report's date. Valeura has stated it intends to disclose its assessment of the resource potential in the first half of 2026.