

Unlocking Substantial Value At Etame

Updated Investor Presentation

May 2020



VAALCO ENERGY, INC.

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The SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves that meet the SEC's definitions for such terms, and price and cost sensitivities for such reserves, and prohibits disclosure of resources that do not constitute such reserves. The Company uses terms in this presentation, such as "potential reserves", "potential resources", "2P", "2P reserves", "2C", "EUR", "contingent resources", "net resources", "recoverable resources", "prospective resources", "gross reserves and resource potential", "gross unrisks", "unrisks gross resource", "prospective mean resources", "gross unrisks recoverable prospective and contingent resources" and similar terms or other descriptions of volumes of reserves potentially recoverable that the SEC's guidelines strictly prohibit the Company from including in filings with the SEC. These terms refer to the Company's internal estimates of unbooked hydrocarbon quantities that may be potentially added in accordance with the 2018 Petroleum Resources Management System approved by the Society of Petroleum Engineers. These estimates are by their nature more speculative than estimates of proved, probable and possible reserves and accordingly are subject to substantially greater risk of being actually realized. Actual quantities of reserves that may be ultimately recovered from the Company's interests may differ substantially from those presented herein. Factors affecting ultimate recovery include the scope of the Company's ongoing drilling program, which will be directly affected by the availability of capital, decreases in oil and natural gas prices, drilling and production costs, availability of drilling services and equipment, drilling results, lease expirations, transportation constraints, processing costs, regulatory approvals, negative revisions to reserve estimates and other factors as well as actual drilling results, including geological and mechanical factors affecting recovery rates. Estimates of unproved reserves may change significantly as development of the Company's assets provides additional data. In addition, the Company's production forecasts and expectations for future periods are dependent upon many assumptions, including estimates of production decline rates from existing wells and the undertaking and outcome of future drilling activity, which may be affected by significant commodity price declines or drilling cost increases.

Estimates of reserves provided in this presentation are estimates only and there is no guarantee that estimated reserves will be recovered. Actual reserves may be greater than or less than estimates provided in this presentation and differences may be material. There is no assurance that forecast price and cost assumptions applied by NSAI or by the Company in evaluating VAALCO's reserves will be attained and variances could be material. References to thickness of oil pay or of a formation where evidence of hydrocarbons have been encountered is not necessarily an indicator that hydrocarbons will be recoverable in commercial quantities or in any estimated volume. Well test results should be considered as preliminary and not necessarily indicative of long-term performance or of ultimate recovery. Well log interpretations indicating oil accumulations are not necessarily indicative of future production or ultimate recovery.

Corporate Overview

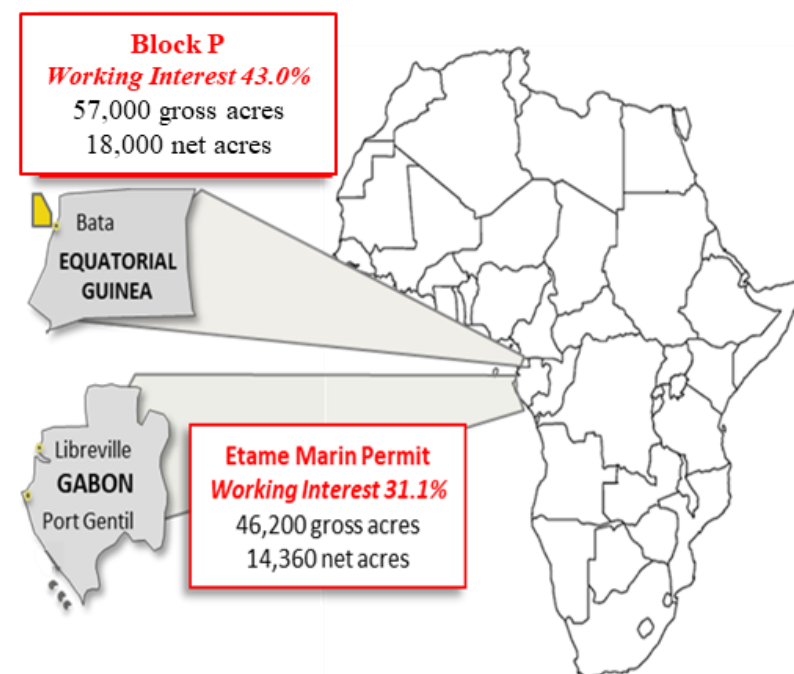


VAALCO ENERGY, INC.

VAALCO Today

Experienced Operator Maintaining Stability in a Challenging Environment

- International E&P focused on low-risk, producing assets in West Africa
- Operator of Gabon offshore Etame license
 - **Etame Joint Owners⁽¹⁾**: VAALCO (operator) 33.6%, Addax (Sinopec) 33.9%, Sasol 30%, PetroEnergy 2.5%
- Produced ~114 gross MMBO to date with remaining reserves and resources of ~115 gross MMBO at Etame⁽³⁾
- Highly successful 2019/2020 work program; resulting in estimated 35% increase in production for FY'20 over FY'19
- Inventory of well locations available for multiple future drilling campaigns at Etame
- Significant potential in Equatorial Guinea
- Strong balance sheet with no debt and a cash balance of \$49.7 million, net of joint venture owner advances, as of March 31, 2020



	Gross	WI⁽¹⁾	NRI⁽²⁾
YE'19 SEC Proved Reserves (MMBO) ⁽⁴⁾	18.4	5.7	5.0
YE'19 2P CPR Reserves (MMBO) ⁽⁵⁾	34.3	10.6	9.3
FY'19 Production (BOPD)	12,863	3,995	3,476
Q1'20 Production (BOPD)	18,298	5,683	4,944

Response to COVID-19 & Current Pricing Environment

Instituted Measures to Ensure Safety and Health of all Employees and Contractors

Response to COVID-19

- ❑ Implemented stay-at-home initiatives for all but critical staff and put into place social distancing measures
- ❑ Actively screening and monitoring employees and contractors coming onto VAALCO's Gabon facilities including 14-day quarantines and onsite medical supervision in accordance with government guidelines
- ❑ Engaged in regular Company-wide COVID-19 updates to motivate and retain employees and keep them informed of key developments

Response to Current Pricing Environment

- ❑ Implemented cost cutting measures with vendors
- ❑ Implemented sharing certain costs, such as shipping vessels, helicopter, and personnel with other operators in the region
- ❑ Reduced director compensation by 25%, executive compensation by 20% and certain non-executive employee compensation by an average rate of 8%
- ❑ Ceased or deferred discretionary capital spending

2019/2020 Highlights

Gaining Momentum Towards Strategic Objectives

Highly Successful Development Wells

Well Name	IP Gross (BOPD)	IP NRI (BOPD)	1 st Prod	Remarks
Etame 9H	5,500	1,500	Dec 2019	Significantly exceeded predrill estimates
Etame 11H	5,200	1,400	Jan 2020	Significantly exceeded predrill estimates
South East Etame 4H	2,200	600	Mar 2020	Strong results in new step out area

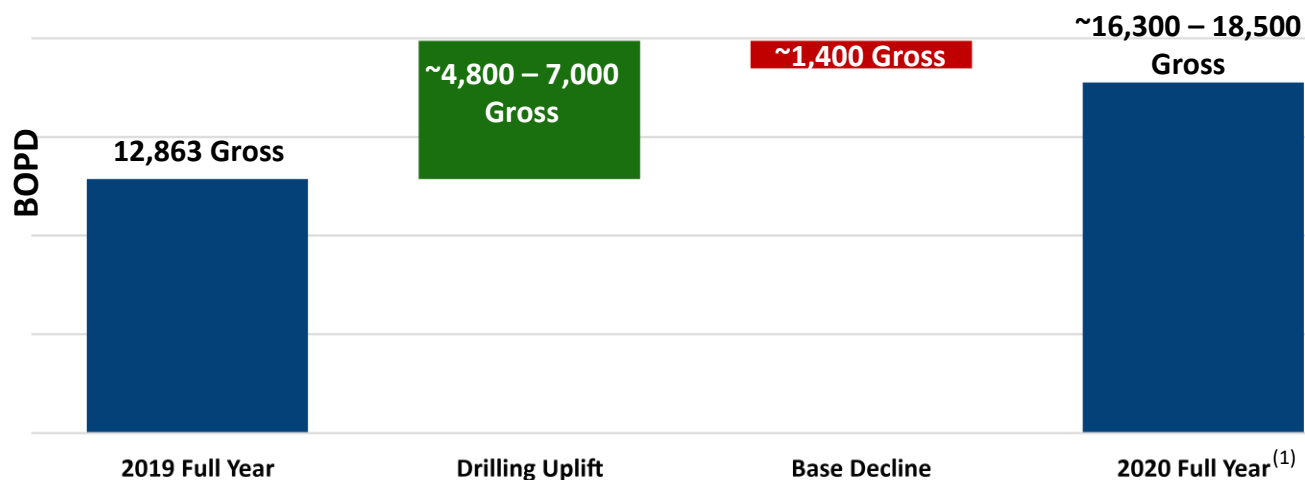
Appraisal Wellbores

Wellbore Name	Drilled	Remarks
Etame 9H	Oct 2019	Discovered oil-filled Dentale and Gamba reservoirs, each was ~45 feet thick
South East Etame 4H	Feb 2020	Verified good-quality Gamba oil sands in new step out area

- Completed the 2019/2020 drilling campaign in March with a 100% success rate, on time and within budget and released the Vantage Drilling jackup drilling rig on April 9, 2020
- Q1 2020 production 4,944 BOPD, a 35% increase over Q4 2019
- Completed dual listing on the London Stock Exchange on September 26, 2019
- Repurchased 2.7 million shares under the common stock repurchase program June 2019 - April 2020

Meaningful Production Growth

Positive Impacts from 2019/2020 Drilling Program



WI (BOPD)	3,995	~1,500 – 2,175	~450	~5,100 – 5,750
NRI (BOPD)	3,476	~1,300 – 1,900	~375	~4,400 – 5,000

- Etame 9H well online in Q4'19 above pre-drill expectations
- Etame 11H well online in Q1'20 above pre-drill expectations
- Successful subsea repair restored production at Etame 4H in Dec 2019
- Successful workover replaced ESP and restored production at Etame 10H in Jan 2020
- South East Etame 4H well online in Q1'20 within pre-drill estimates
- Successful workover replaced ESP and restored production at South East Etame 2H in March 2020

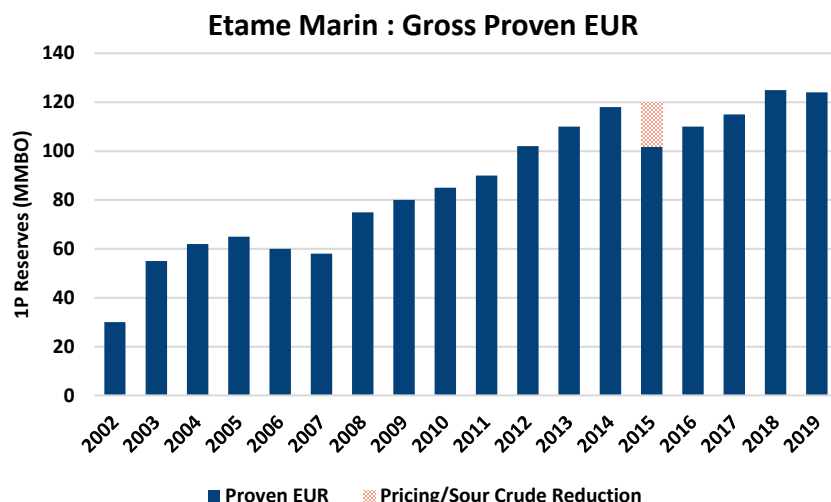
Operational Outlook



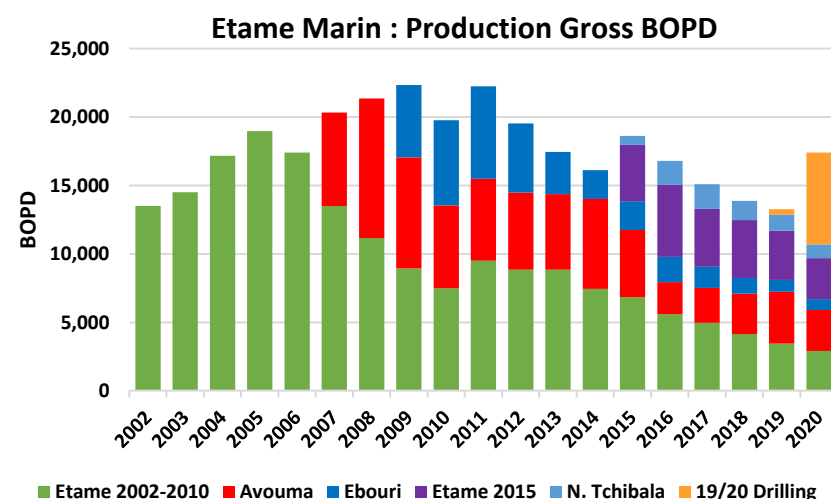
VAALCO ENERGY, INC.

Etame Track Record of Success

Repeatable Ability to Create Value



- Gamba reservoir plus deeper Dentale resource potential
- 30 MMBO initial gross proven EUR at YE 2002
- >114 MMBO gross barrels of oil produced
- ~131 MMBO gross proven EUR at YE 2019⁽¹⁾
- Seven successful drilling programs over 20 years
- Three development wells drilled in 2019/2020
- Infrastructure in place for continued development
- Typical gross development well cost: \$20 - \$30 million
- 2019/2020 drilling program cost ~\$29 million, \$4.30/ NRI barrel of 2P reserves ⁽²⁾



Fully Funded 2019/20 Work Program

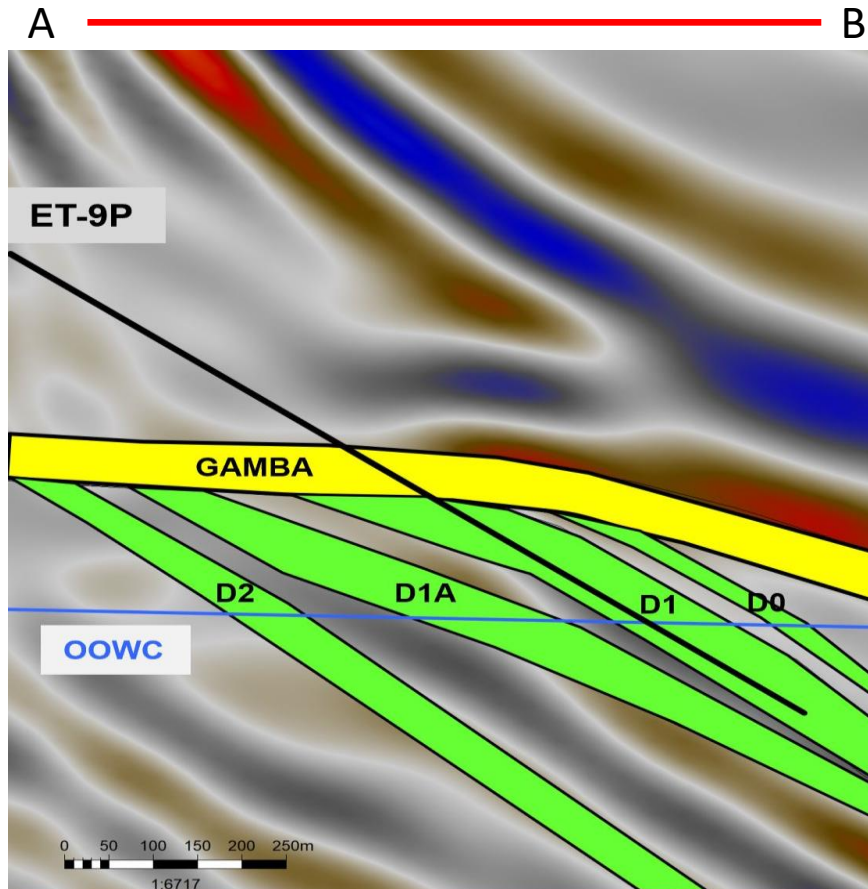
Successful and Transformational Results

	Reserves / Resources						IP Rate	
	Gross MMBO			NRI MMBO			Gross	NRI
	2P	Contingent ⁽¹⁾	Prospective ⁽²⁾	Total	Total		BOPD	BOPD
Etame 9P Appraisal Wellbore ^(1,2)	-	3.2	2.1	5.3	1.4		NA	NA
Etame 9H Development Well ⁽¹⁾	7.4	-	-	7.4	2.0		5,500	1,500
Etame 11H Development Well ⁽¹⁾	3.1	-	-	3.1	0.8		5,200	1,400
SE Etame 4H Development Well ⁽²⁾	1.6	-	-	1.6	0.4		2,200	600
Total	<u>12.1</u>	<u>3.2</u>	<u>2.1</u>	<u>17.4</u>	<u>4.6</u>			

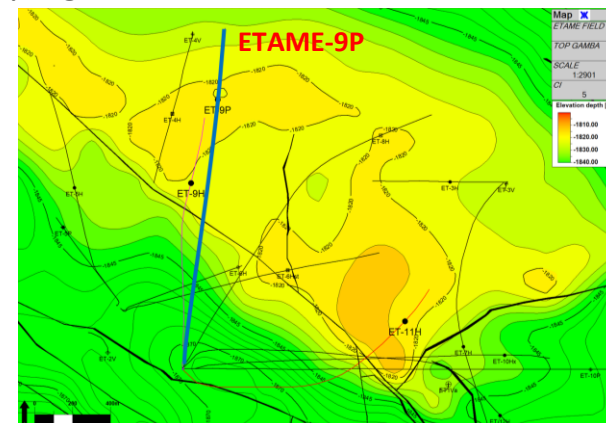
Highly Successful Drilling Results Exceeded Pre-drill Expectations

2019/20 Drilling Program: Etame 9P

Etame Field Main Fault Sub Crop Dentale Appraisal

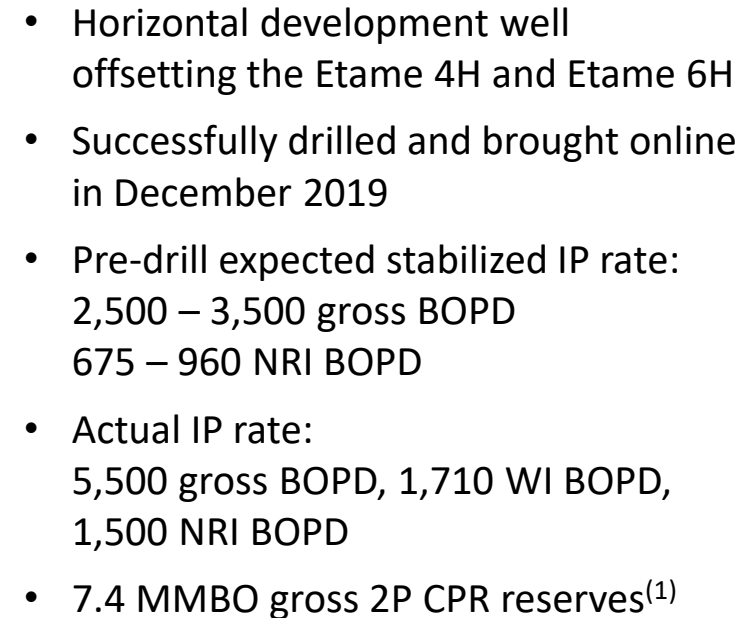


- Etame 9P appraisal wellbore successfully drilled and encountered Gamba and Dentale reservoirs
- Gamba and Dentale oil columns thicker than pre-drill expectations with no H₂S
 - Gamba reservoir at least 45 feet thick with no oil-water contact
 - Dentale reservoir at least 45 feet thick with 27% porosity and 260 md of permeability
- Estimated gross recoverable 2C resource of 3.2 MMBO⁽¹⁾ and prospective resource of 2.1 MMBO⁽¹⁾ present in subcropping Dentale reservoirs



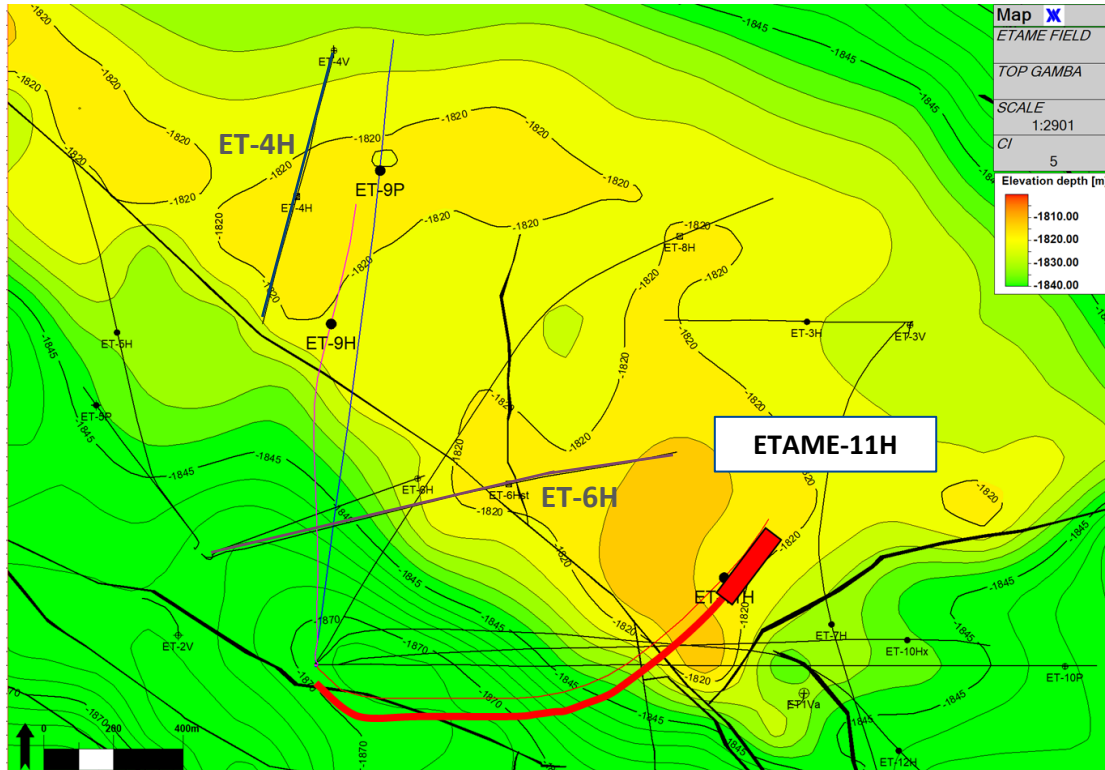
1) NSAI's 12/31/19 CPR report and VAALCO's internal prospective resource estimate

Etame Field Main Fault Block Gamba Development



2019/20 Drilling Program: Etame 11H

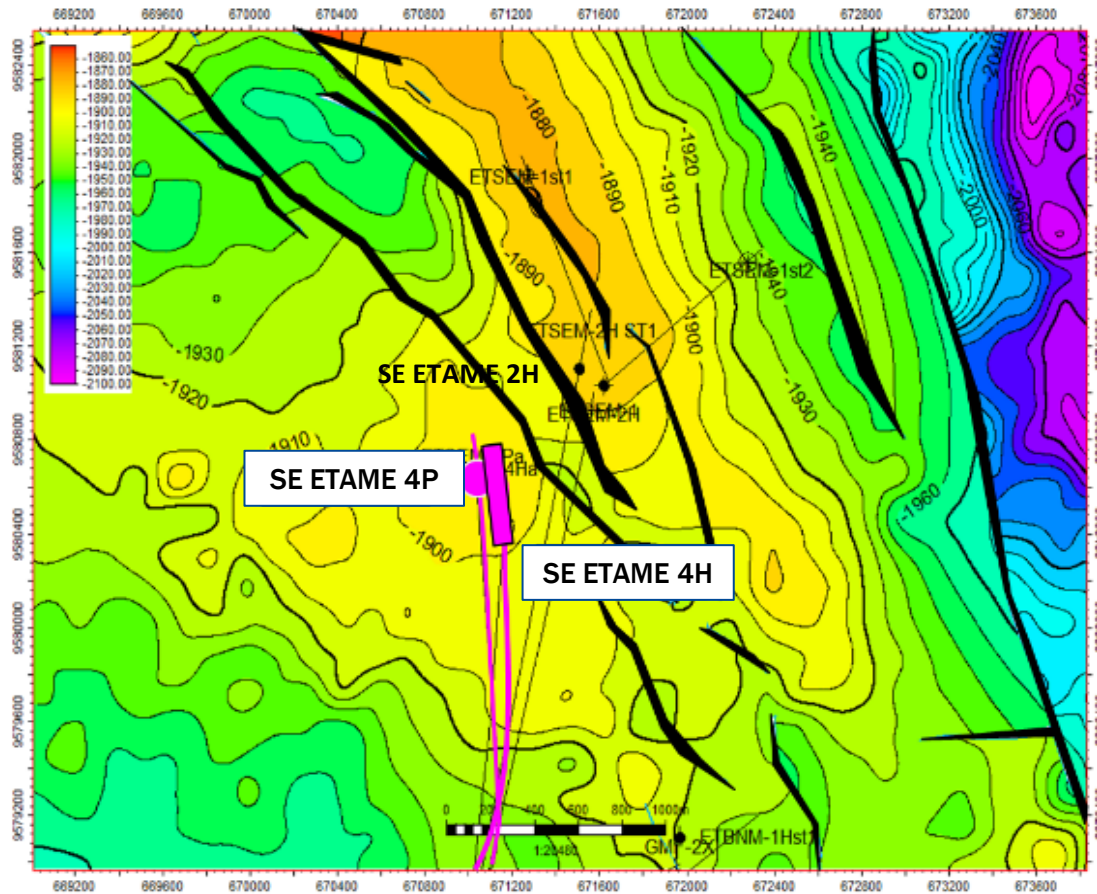
Etame Field Main Fault Block Gamba Development



- Horizontal development well to optimize production in the east side of the main fault block
- Successfully drilled and brought online in January 2020
- Pre-drill expected stabilized IP rate: 2,500 – 3,500 gross BOPD
675 – 960 NRI BOPD
- Actual IP rate: 5,200 gross BOPD, 1,615 WI BOPD, 1,400 NRI BOPD
- 3.1 MMBO gross 2P CPR reserves⁽¹⁾

2019/20 Drilling Program: SE Etame 4P/4H

SE Etame Fault Compartment/Step Out Area

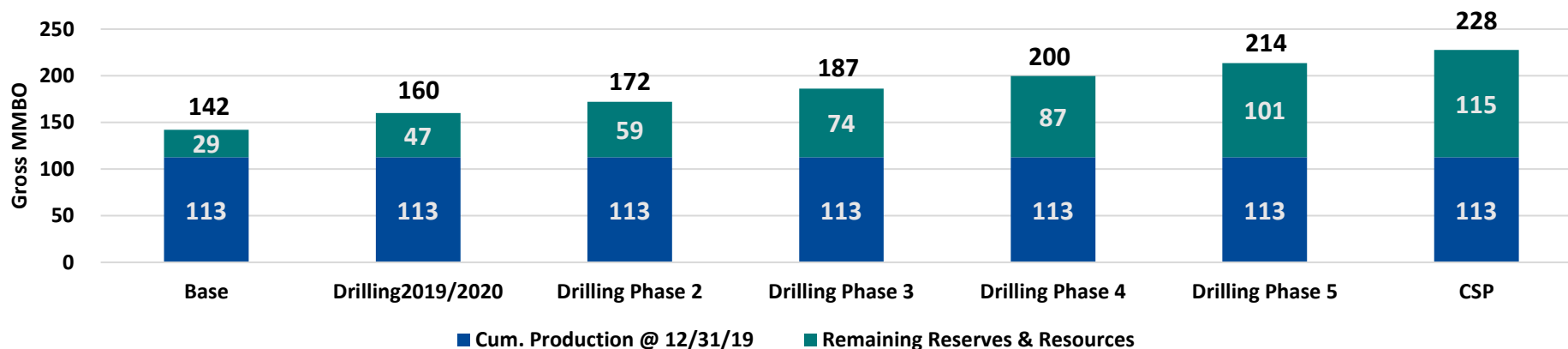


- Successfully evaluated the Step Out area with the SE Etame 4P, interpreted as an extension from the SE Etame 2H
- SE Etame 4H horizontal development well successfully drilled and brought online in March 2020
- Actual IP Rate:
2,200 gross BOPD, 680 WI BOPD, 600 NRI BOPD
- 6.0 MMBO gross prospective resources ^(1,3)
- 1.6 MMBO gross reserves ⁽²⁾

Etame Organic Growth Potential

Low Risk Multi Year Drilling Inventory

Reserve and Resource Growth – Est. Ultimate Recovery



Field Area	OOIP (MMBO) ⁽¹⁾	Cum. Production (MMBO)	Cum. Recovery Factor (%)	Producing Wells 2P Forecast (MMBO) ⁽²⁾	Future Wells Mid Case Forecast (MMBO) ⁽²⁾	Total Production Forecast (MMBO) ⁽²⁾	Est. Ultimate Recovery (MMBO) ⁽²⁾	EUR Recovery Factor (%)
Etame	175	68	39%	26	26	52	120	69%
Avouma / South Tchibala	83	26	32%	11	17	28	54	65%
SE Etame / North Tchibala	57	7	12%	8	15	23	30	53%
Ebouri	50	13	26%	2	10	12	25	50%
Total License	365	114	31%	47	68	115	229	63%

Reserves and Resources

Organic Growth Opportunities

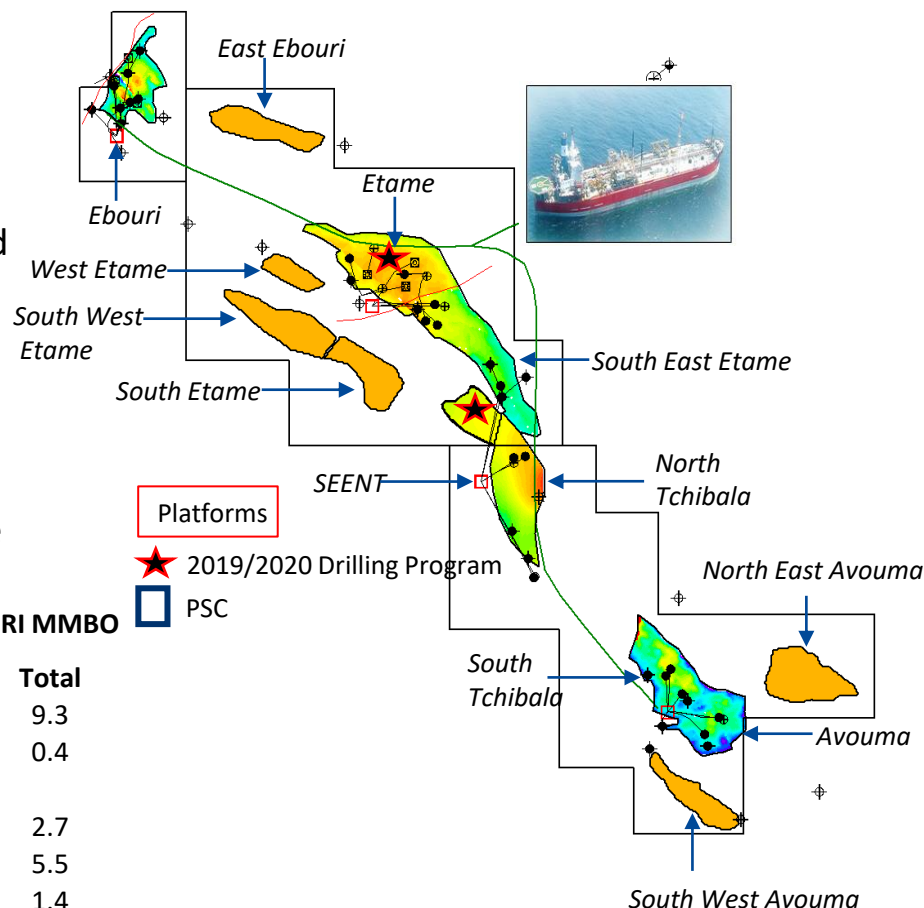
Gamba Extensions: 3 South East Etame and 2 South Tchibala Gamba wells

Gamba Leads/Prospects: 5 potential satellite prospects identified

Dentale Sub Crop & Dentale Development: 3 sub crop wells and 10 development wells

Crude Sweetening Project: Reactivation of 3 shut in wells, 3 potential new wells and testing a satellite prospect

License Extension beyond 2028: Options to extend Etame license up to 2038 and convert resources to reserves

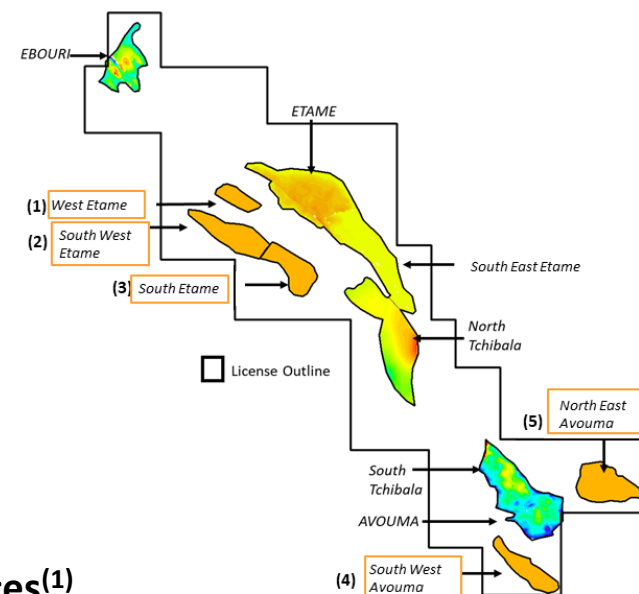


	Gross MMBO				NRI MMBO
	2P	Contingent ⁽¹⁾	Prospective ⁽²⁾	Total	Total
CPR @ 12/31/2019	34.3 ⁽¹⁾	-	-	34.3	9.3
South East Etame 4H	1.6 ⁽³⁾	-	-	1.6	0.4
Future Opportunities:					
Gamba Extensions	-	-	10.0	10.0	2.7
Gamba Satellite Prospects	-	-	20.3	20.3	5.5
Dentale Sub Crop	-	3.2	2.1	5.3	1.4
Dentale Development Wells	-	4.5	11.1	15.6	4.2
Crude Sweetening Project	-	6.1	8.2	14.3	3.9
2028 License Extension	-	13.7	-	13.7	3.7
Total	35.9	27.5	51.7	115.1	31.1

Gamba Satellite Prospects

High Upside Potential with Relatively Lower Risk

- Five potential satellite prospects identified
- High upside potential prospective resources with relatively low geological risk as assessed by NSAI, VAALCO's independent 3rd party reserve engineering firm
- Evaluating targets for near-term drilling campaigns



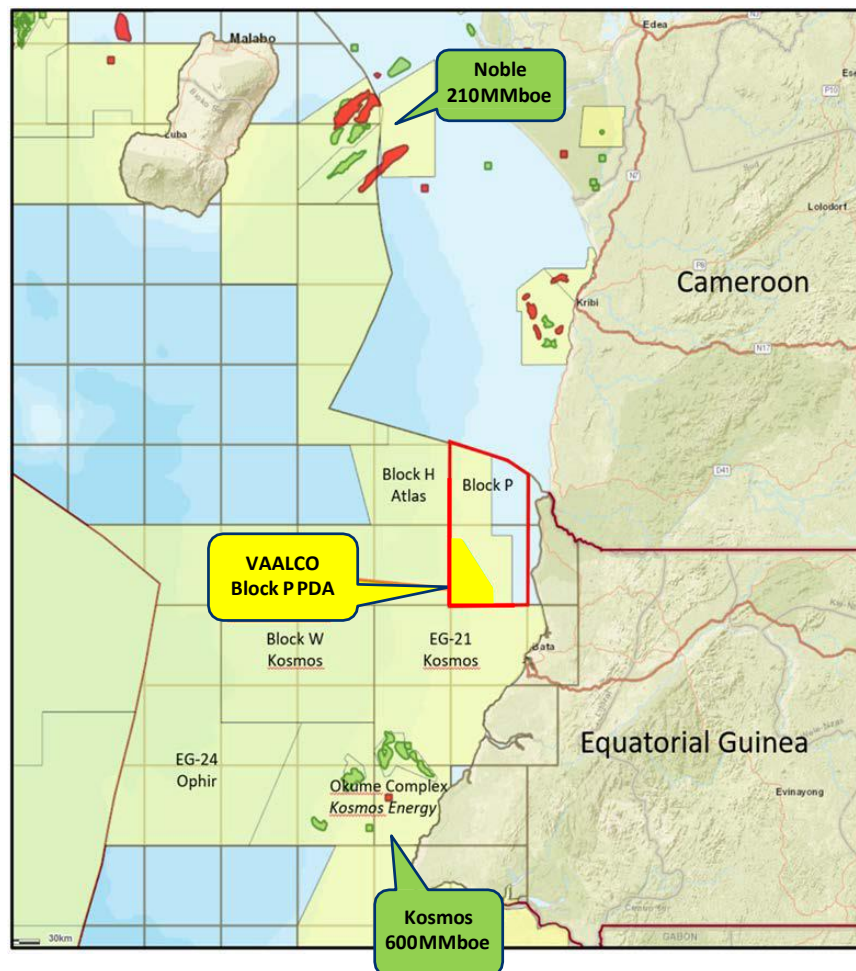
Netherland Sewell & Associates Inc Prospective Mean Resources⁽¹⁾

Gamba Satellites Prospects	Gross	WI	NRI	Probability of
	MMBO	MMBO	MMBO	Geological Success P(g)
(1) West Etame	1.0	0.3	0.3	56%
(2) South West Etame	5.2	1.6	1.4	64%
(3) South Etame	4.6	1.4	1.2	64%
(4) South West Avouma	5.1	1.6	1.4	73%
(5) North East Avouma	4.4	1.4	1.2	73%
Total	20.3	6.3	5.5	

91% Success Rate on 33 Wells Drilled on the License Since 1995
78% Success Rate on Exploration Wells (7 of 9) Drilled Since 1995

Equatorial Guinea

Significant Upside Potential



- 16.5 million BOE unrisked gross 2C resource⁽¹⁾ Venus discovery; 7.9 million BOE unrisked gross 2C resource⁽¹⁾ Europa discovery
- Well defined exploration opportunity with 164 million BOE unrisked gross resource⁽¹⁾ potential in SW Grande
- PSC license period is for 25 years from date of approval of a development and production plan
- VAALCO 43%, Atlas 32%, Crown 5%, GEPetrol 20% carried interest during exploration phase
- Farm-down to Levene Energy Group (MoU in place)
 - Levene would acquire a portion of VAALCO EG's 43% WI in Block P for full carry of exploration well and \$5 million
 - VAALCO EG would serve as a non-owner contract operator on Levene's Blocks 3,4 and 19
 - Negotiations ongoing to finalize terms of definitive agreements
 - Subject to approval by the government
 - No assurance transaction will be completed
- Block originally owned by Devon

Low-Cost Optionality with Significant Upside

Stakeholder Engagement



VAALCO ENERGY, INC.

Health, Safety, Security & Environment

Our Commitment to World Class Safety

Health & Safety

- Distinguished health and safety record with only one serious incident in past 3 years
- Aligning the safety management systems with international standards (ISO 45001, 2018)
- Empowering workforce to take ownership of safety performance in order to reduce risk

Environmental Management

- Committed to environmental stewardship with dedicated emergency environmental response capabilities
- Gathering greenhouse gas emissions data for building base line study to determine operational modifications required to meet recognized international standards
- Enhance environmental performance through Process Safety Management by creating awareness of potential process upsets



People Based Safety

VAALCO Energy's People Based Safety Program –
complementing Behaviour Based Safety through strengthening
Safety Leadership Skills

Inaugural Sustainability Report for 2019 is Available on VAALCO's Website

Social License to operate

Our Commitment to Society

Diversified workforce

- VAALCO is committed to supporting the socioeconomic development of the communities in which we operate
- Our local workforce in Gabon comprises 93.7% national representation. Female workforce in Gabon is at 20% and 8% are represented in management team
- Houston workforce is diversified on the basis of merit and qualification without regard to race, religion, color, national origin, physical disability, sex, or age
 - Female workforce in Houston office is at 43% and 16% are represented in executive leadership and management teams

Community initiatives

- Education: school supplies, training, facility upgrades
- Social and health development campaigns that support the improvement in quality of life
- Environmental programs



Colleagues and members of local communities engaging to discuss Women's education and career development opportunities, obstacles and solutions



In 2019 VAALCO GABON S.A. volunteers visited over 11 schools with educational programs. Company sponsors MISSION NISSI local center for young women who are at risk of human trafficking.

In Houston, VAALCO supports the Krause Children's Center that serves young women between the ages of 12-17 on their road to recovery from difficult domestic situations.

Houston office employees volunteer with Junior Achievement programs that help students realize that the education they are getting today will help them to have a bright future tomorrow.

Ethics and Compliance

Our Commitment to High Ethical Standards

- Good governance is part of the VAALCO culture at all levels of our organization – Employees are empowered to uphold these standards in our everyday operation, VAALCO holds a zero-tolerance policy to bribery and corruption
- Comprehensive policies require strict compliance with all applicable laws
 - Code of Business Conduct and Ethics
 - Anti-Bribery and Anti-Tax Avoidance Policy
- Annual training of employees, including both computer-based training modules and in-person training in the U.S. and Gabon
- Thorough, risk-based due diligence background checks on vendors and business partners (NAVEX Risk Rate) including pre-screening and continuous monitoring
- Anonymous Ethics Point Hotline monitored by the Chief Compliance Officer and Chairman of the Audit Committee

Financial Overview



VAALCO ENERGY, INC.

Financial Snapshot⁽¹⁾

Full Year 2019

\$84.5 MM

Revenues

\$37.5 MM

Adjusted EBITDAX

\$18.6 MM

Adjusted Net Income

\$26.5 MM

Cash from Operations

3,476 BOPD

NRI Production Volume per day

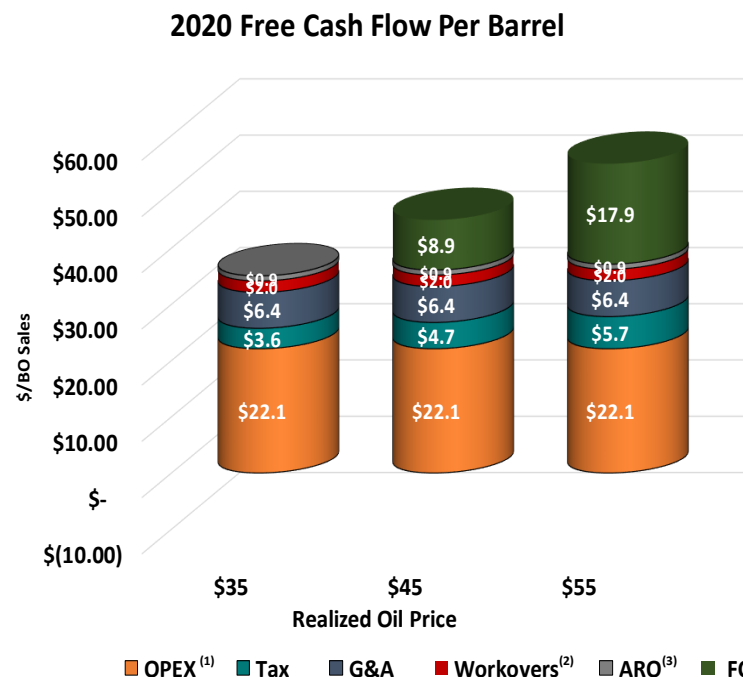
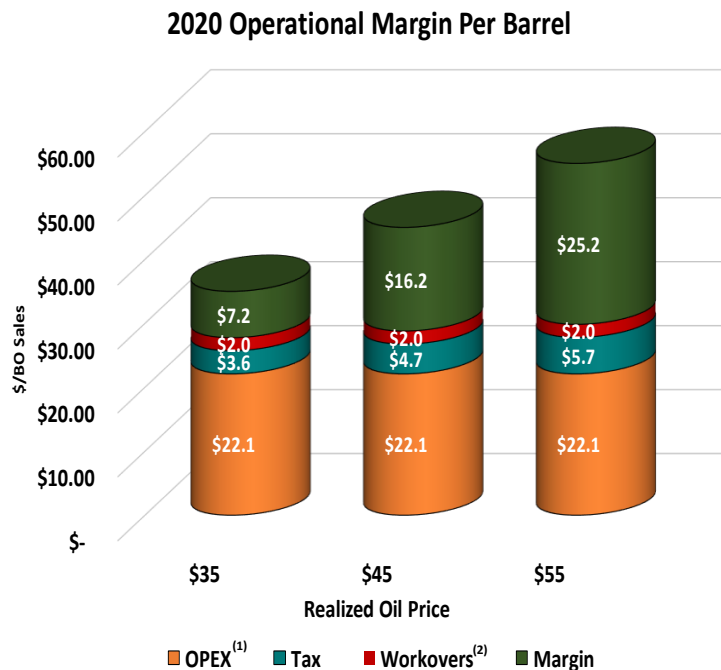
\$29.70

Production cost per BO⁽²⁾

Delivering Strong Cash Flow and Financial Results to Position VAALCO for the Future

VAALCO Free Cash Flow Overview (2020E)

Maximize Margins Through Cost Discipline



Each \$5/barrel improvement in oil price increases Free Cash Flow by ~\$7.5 million and increases Adjusted EBITDAX by ~\$8.5 million

Operational Margin Excludes Hedging

Free cash flow per barrel excludes Hedging and Capex

Approximately 90% of estimated opex is fixed, majority of costs don't increase with additional production levels

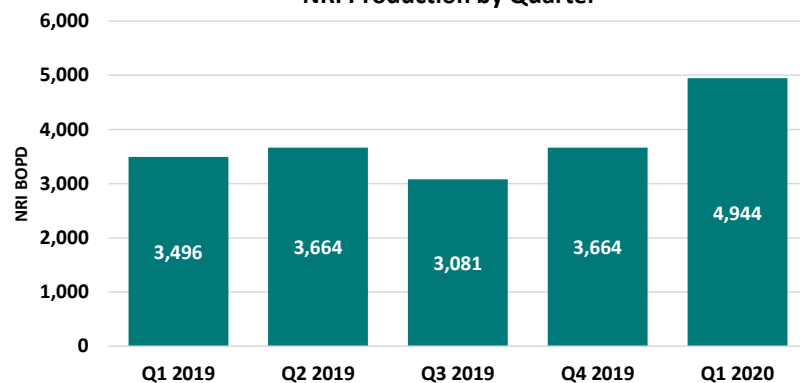
Operational Breakeven: ~\$27/BBL

Free Cash Flow Break-Even: ~\$35/BBL

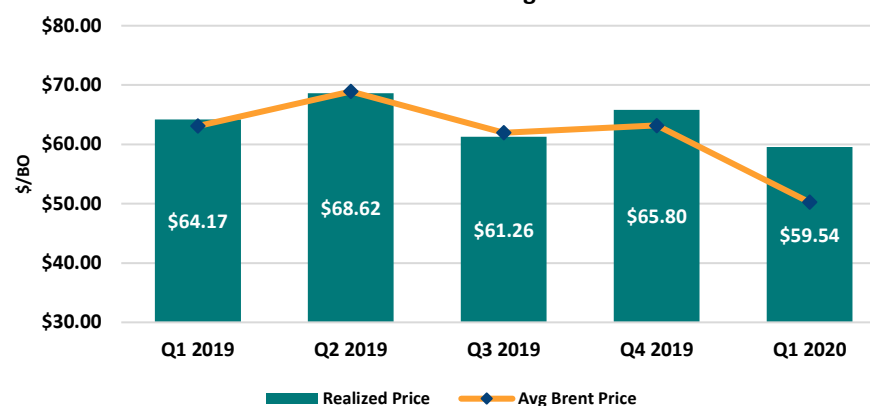
Key Performance Metrics

Profitable Results Build Financial Strength

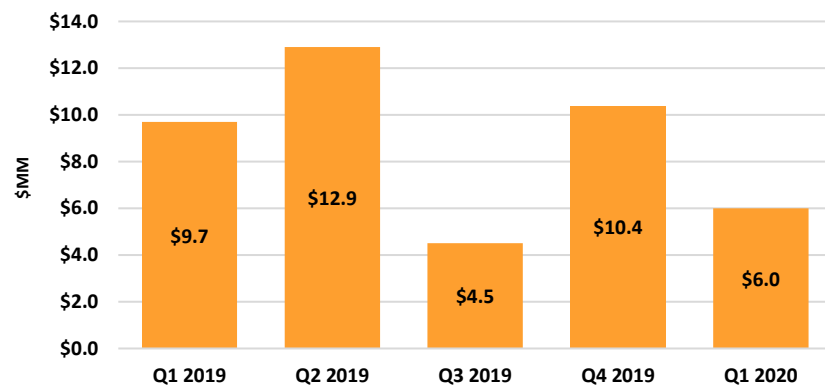
NRI Production by Quarter



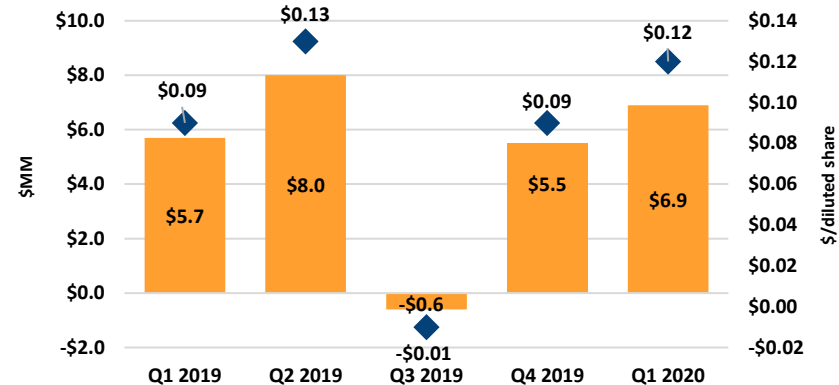
Realized Price and Avg Brent Price



Adjusted EBITDAX

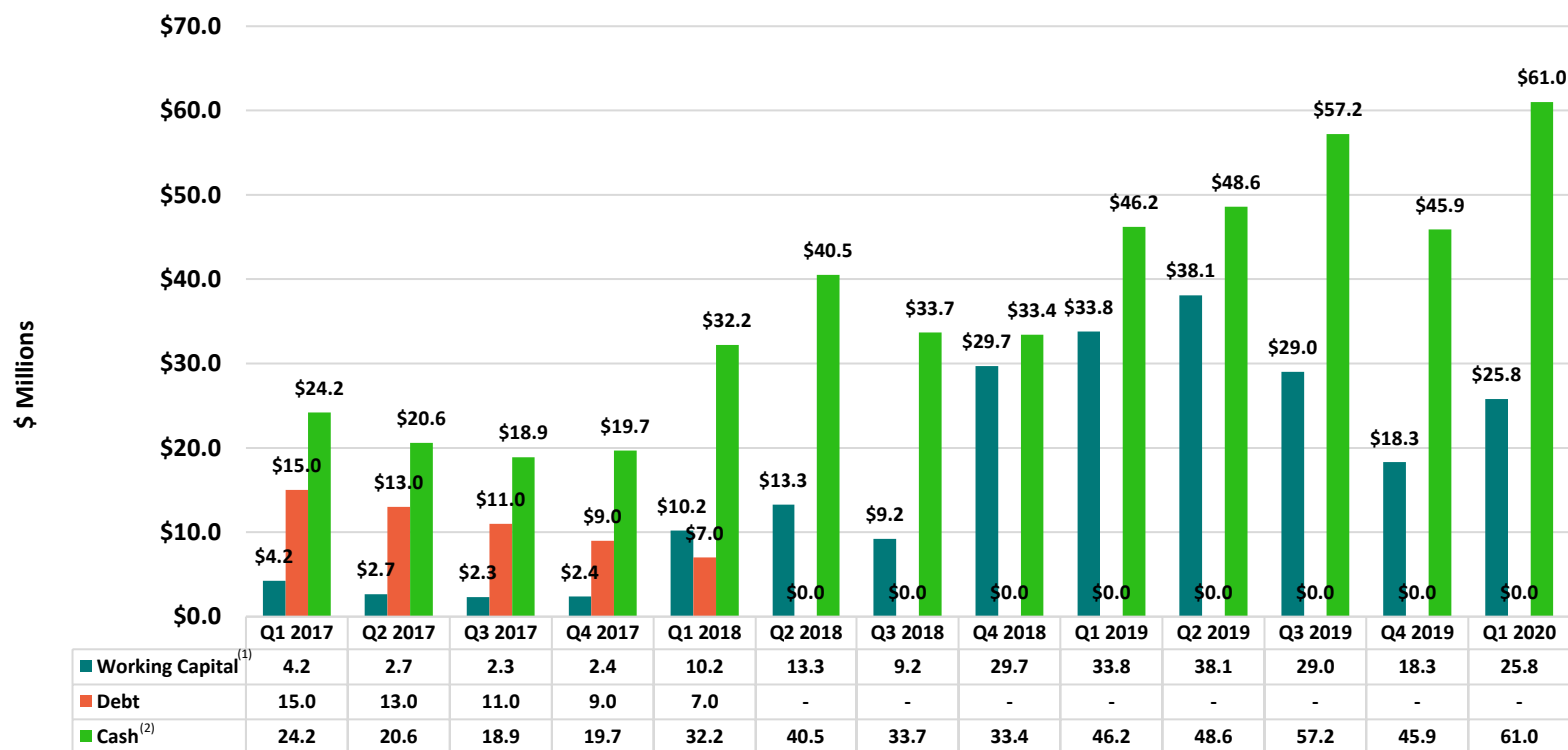


Adjusted Net Income (Loss)



Working Capital From Continuing Operations

Liquidity Position Remains Strong



Hedging

- May 2019: Swaps for 500,000 BBLS at \$66.70 dated Brent for the July 2019 to June 2020 period
- Volumes represent approximately one-third of net sales for the hedged period
- At March 31, 2020, there were swaps outstanding for 172,160 BBLS for the April to June 2020 period
- MTM value of \$7.3 million as of March 31, 2020



Share Repurchase Program

June 2019 through April 2020

- On June 20, 2019 the Board authorized a stock repurchase program
- Up to \$10 million of the currently outstanding shares of common stock could be repurchased
- Allowed for open market purchases, privately-negotiated transactions, or otherwise in compliance with SEC Rule 10b-18 period over a period of up to 12 months
- Strong cash flow and overall financial position allowed for share repurchase program as well as planned 2019/20 drilling program at Etame
- Through April 2020, repurchased 2,740,643 shares of common stock at an average price of \$1.70 per share (\$4.7 million)
- On April 13, 2020, the Board terminated the program
- Currently have 57.5 million shares outstanding



Major Shareholders

Top 20 Shareholders as of December 31, 2019

<u>Shareholder</u>	<u>Shares Held</u>	<u>% of Outstanding</u>
Radoff, Bradley + Fondren Management, L.P.	4,494,905	7.7%
Tieton Capital Management, LLC	4,088,137	7.0%
Renaissance Technologies LLC	3,747,190	6.4%
Wilén Management Company, Inc.	2,538,474	4.4%
The Vanguard Group, Inc.	2,286,591	3.9%
Kornitzer Capital Management Inc.	2,204,370	3.8%
LSV Asset Management	1,828,599	3.1%
BlackRock Institutional Trust Company, N.A.	1,309,483	2.3%
Bridgeway Capital Management, Inc.	1,002,300	1.7%
Ancora Advisors, L.L.C.	931,172	1.6%
Dimensional Fund Advisors, L.P.	795,758	1.4%
Cary Bounds (CEO & Director)	565,524	1.0%
John Knapp (Director)	476,418	0.8%
Arrowstreet Capital, Limited Partnership	472,989	0.8%
Geode Capital Management, L.L.C.	375,489	0.7%
DIM Funds SICAV S.A.	321,000	0.6%
Ancora Family Wealth Advisors, LLC	264,746	0.5%
J.P. Morgan Securities LLC	252,526	0.4%
Pinnacle Holdings, LLC	208,780	0.4%
Andrew Fawthrop (Chairman & Director)	197,577	0.3%
Total of top 20 shareholders	28,362,028	48.8%

- Large, stable shareholder base
- Average daily trading volume for 2019 was ~275,000 shares
- Management aligned with shareholder interests and owns ~3% of outstanding shares

Vision 2025 Strategy

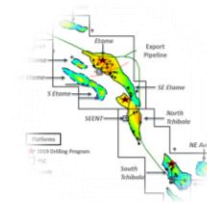


VAALCO ENERGY, INC.

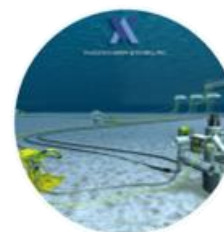
Vision 2025

Roadmap to Transformational Growth

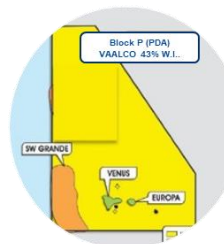
- Achieve material increase in scale as a premier Africa operator
- Maintain operational excellence, cost discipline and strong balance sheet
- Execute work programs at Etame to grow production and reserves
- Partner with established African company in Equatorial Guinea
- Pursue value accretive M&A opportunities within strategic focus



**2019/20 Etame License
Work Program**



**Future Etame License
Work Programs**



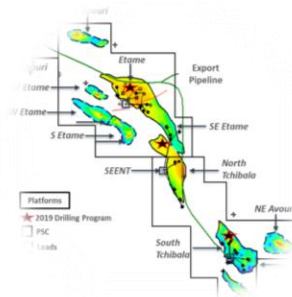
**Equatorial Guinea –
Block P**



**New Ventures
and M&A**

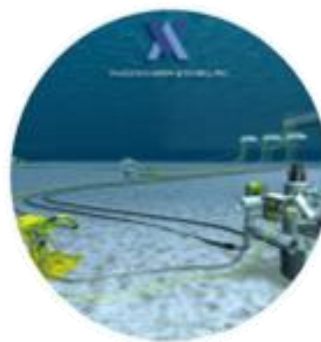
Vision 2025

Building Blocks to Achieve Growth



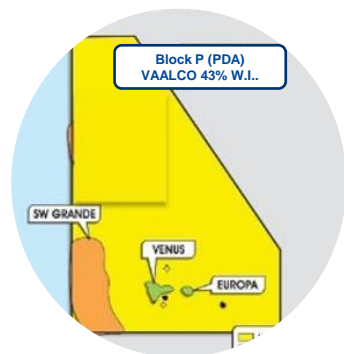
2019/20 Etame License Work Program

- One Dentale appraisal wellbore to evaluate sub crop reservoirs
- Two Etame Field Gamba development wells
- One Gamba appraisal wellbore to extend the South East Etame Field
- One South East Etame Field Gamba development well



Future Etame License Work Programs

- Five Gamba development wells
- Five Gamba near field leads/prospects
- Three Dentale sub crop development wells
- Nine Dentale development wells
- Crude Sweetening Project



Equatorial Guinea – Block P

- 24.4 million BOE unrisks gross resource discovery with 43% W.I as operator⁽¹⁾
- South West Grande prospect with potential for 164 million BOE unrisks gross resource⁽¹⁾
- Multiple Miocene and Cretaceous prospects with significant reserves



New Ventures and M&A

- Acquisition of producing assets with upside potential
- Pursuing accretive merger candidates with synergies to create scale
- Multiple direct negotiations and bid round opportunities in progress

Appendix



VAALCO ENERGY, INC.

2020 Full Year Guidance

(As of May 11, 2020)

	WI ⁽¹⁾	NRI ⁽¹⁾
Production (BOPD)	5,100 – 5,750	4,400 – 5,000
Q2 2020 Production (BOPD)	5,800 - 6,200	5,000 - 5,400
Sales Volume (BOPD)	5,100 – 5,750	4,400 – 5,000
Production Expense ⁽²⁾	\$36 - \$40 MM	\$36 - \$40 MM
Production Expense per BO ⁽²⁾	\$17.50 - \$20.50	\$20.00 - \$24.00
Q2 2020 Production Expense per BO ⁽²⁾	\$17.50 - \$20.50	\$20.00 - \$24.00
Workovers	\$3 - \$4 MM	\$3 - \$4 MM
Cash G&A ⁽³⁾	\$10 - \$12 MM	\$10 - \$12 MM
DD&A (per BO)	\$3.50 - \$5.25	\$4.00 - \$6.00
FY 2020 CAPEX	\$10 - \$12 MM	\$10 - \$12 MM

**To Date, VAALCO's Operations Have Not Been Materially Impacted By Worldwide COVID-19 Pandemic.
This Guidance Excludes Any Potential Future Impact Not Currently Being Experienced.**

Supplemental Non-GAAP Financial Measures

This presentation contains crude oil and natural gas metrics which do not have standardized meanings or standard methods of calculation as classified by the SEC and therefore such measures may not be comparable to similar measures used by other companies. Such metrics have been included herein to provide readers with additional measures to evaluate the Company's performance; however, such measures are not reliable indicators of the future performance of the Company and future performance may not compare to the performance in previous periods.

PV-10 Value and Probable Reserves

PV-10 is a non-GAAP financial measure and represents the period-end present value of estimated future cash inflows from VAALCO's reserves, less future development and production costs, discounted at 10% per annum to reflect timing of future cash flows. PV-10 values for both SEC reserves and 2P CPR reserves have been calculated using SEC pricing assumptions in the case of SEC reserves and using VAALCO's management assumptions for escalated crude oil price and cost in the case of 2P CPR reserves. PV-10 generally differs from standardized measure, the most directly comparable GAAP financial measure, because it generally does not include the effects of income taxes. PV-10 is a widely used measure within the industry and is commonly used by securities analysts, banks and credit rating agencies to evaluate the estimated future net cash flows from proved reserves on a comparative basis across companies or specific properties. VAALCO's PV-10 on an SEC basis is the same as its standardized measure for the periods presented herein. Neither PV-10 nor the standardized measure purports to represent the fair value of the Company's crude oil and natural gas reserves.

VAALCO has provided summations of its PV-10 for its proved and probable reserves on a 2P CPR basis in this press release. The SEC strictly prohibits companies from aggregating proved, probable and possible reserves in filings with the SEC due to the different levels of certainty associated with each reserve category. GAAP does not provide a measure of estimated future net cash flows for reserves other than proved reserves. Investors should be cautioned that estimates of PV-10 of probable reserves, as well as the underlying volumetric estimates, are inherently more uncertain of being recovered and realized than comparable measures for proved reserves. Further, because estimates of probable reserve volumes have not been adjusted for risk due to this uncertainty of recovery, their summation may be of limited use. Nonetheless, VAALCO believes that PV-10 estimates for probable reserves present useful information for investors about the future net cash flows of its reserves in the absence of a comparable GAAP measure such as standardized measure.

2P CPR Reserves

2P CPR reserves represent proved plus probable estimates as reported by NSAI and prepared in accordance with the definitions and guidelines set forth in the 2018 Petroleum Resources Management Systems approved by the Society of Petroleum Engineers as of December 31, 2019 using escalated crude oil price and cost assumptions made by VAALCO's management. The SEC definitions of proved and probable reserves are different from the definitions contained in the 2018 Petroleum Resources Management Systems approved by the Society of Petroleum Engineers as of December 31, 2019. As a result, 2P CPR reserves may not be comparable to United States standards. The SEC requires United States oil and gas reporting companies, in their filings with the SEC, to disclose only proved reserves after the deduction of royalties and production due to others but permits the optional disclosure of probable and possible reserves in accordance with SEC definitions.

2P CPR reserves the PV-10 value for 2P CPR reserves, as calculated herein, may differ from the SEC definitions of proved and probable reserves because: Pricing for SEC is the average closing price on the first trading day of each month for the prior year which is then held flat in the future, while the 2P CPR pricing is based on management pricing assumptions for future Brent oil pricing for 2020 -2028: \$64.68, \$60.06, \$57.00, \$63.00, \$67.50, \$72.50, \$77.00, \$81.45, \$85.14 and thereafter escalated 2% per year; Lease operating expenses are held flat in the SEC case, while for the 2P CPR reserves case they are escalated at 2% annually beginning in 2021.

Management uses 2P CPR reserves as a measurement of operating performance because it assists management in strategic planning, budgeting and economic evaluations and in comparing the operating performance of the Company to other companies. We believe that the presentation of 2P CPR reserves is useful to our international investors, particularly those that invest in companies trading on the London Stock Exchange, in order to better compare our reserves information to other London Stock Exchange-traded companies that report similar measures. We also believe that this information enhances our investors' and securities analysts' understanding of our business. However, 2P CPR reserves should not be used as a substitute for proved reserves calculated in accordance with the definitions prescribed by the SEC. In evaluating our business, you should rely on our SEC proved reserves and consider 2P CPR reserves only supplementally.

Non-GAAP Reconciliations

(in thousands)

Reconciliation of Net Income (Loss) to Adjusted Net Income	Three Months Ended				
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020
Net income (loss)	\$ 6,501	\$ (1,033)	\$ (3,919)	\$ 1,014	\$ (52,800)
Adjustment for discrete items:					
Discontinued operations, net of tax	(5,671)	162	61	37	63
Impairment of proved crude oil and natural gas properties	—	—	—	—	30,625
Unrealized derivative instruments (gain) loss	3,043	(1,479)	(1,774)	3,095	(6,621)
Deferred income tax expense (benefit)	1,742	5,925	5,058	1,755	35,638
Other operating income (expense), net	37	4,399	(35)	20	31
Gain on revision of asset retirement obligations	—	—	—	(379)	—
Adjusted Net Income (Loss)	\$ 5,652	\$ 7,974	\$ (609)	\$ 5,542	\$ 6,936

(in thousands)

Reconciliation of Net Income (Loss) to Adjusted EBITDAX	Three Months Ended				
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020
Net income (loss)	\$ 6,501	\$ (1,033)	\$ (3,919)	\$ 1,014	\$ (52,800)
Add back:					
Impact of discontinued operations	(5,671)	162	61	37	63
Interest expense (income), net	(187)	(201)	(193)	(152)	(116)
Income tax expense (benefit)	2,753	9,208	7,681	4,248	33,478
Depreciation, depletion and amortization	1,553	1,909	1,509	2,112	3,103
Impairment of proved crude oil and natural gas properties	—	—	—	—	30,625
Non-cash or unusual items:					
Stock-based compensation	1,723	(103)	1,150	736	(2,569)
Accrued liabilities reversal	—	—	—	—	—
Unrealized derivative instruments (gain) loss	3,043	(1,479)	(1,774)	3,095	(6,621)
Other operating income (expense), net	37	4,399	(35)	20	31
Gain on revision of asset retirement obligations	—	—	—	(379)	—
Bad debt (recovery) recovery and other	(29)	5	54	(371)	810
Adjusted EBITDAX	\$ 9,723	\$ 12,867	\$ 4,534	\$ 10,360	\$ 6,004

Non-GAAP Reconciliations

(in thousands)

Reconciliation of Working Capital to Adjusted Working Capital	Three Months Ended									
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	
Current assets	\$ 49,507	\$ 59,439	\$ 44,591	\$ 58,794	\$ 62,026	\$ 69,914	\$ 74,543	\$ 69,758	\$ 79,049	
Current assets - discontinued operations	(3,030)	(3,172)	(3,222)	(3,290)	—	—	—	—	—	
Current assets from continuing operations	46,477	56,267	41,369	55,504	62,026	69,914	74,543	69,758	79,049	
Current liabilities	(51,252)	(58,193)	(47,343)	(41,044)	(43,267)	(47,136)	(58,341)	(63,750)	(65,687)	
Operating lease liabilities - current portion	—	—	—	—	10,334	10,500	12,432	11,990	12,050	
Current liabilities - discontinued operations	15,002	15,186	15,191	15,245	4,675	4,847	326	350	395	
Current liabilities from continuing operations, excluding leases	(36,250)	(43,007)	(32,152)	(25,799)	(28,258)	(31,789)	(45,583)	(51,410)	(53,242)	
Adjusted Working Capital	\$ 10,227	\$ 13,260	\$ 9,217	\$ 29,705	\$ 33,768	\$ 38,125	\$ 28,960	\$ 18,348	\$ 25,807	

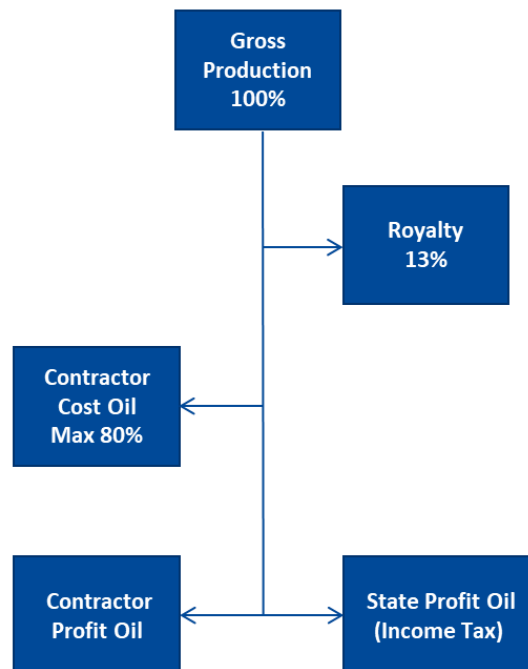
Etame PSC Contractual Summary

PSC Terms	Gabon - Etame
Royalty Rate	13%
Cost Oil	80% through Sept. 2028, 70% thereafter
Profit Oil Split/Income Tax	See Table Below
Government back-in - Tullow	7.5% carried through June 2026, 10% thereafter
Abandonment	Cost recoverable: Estimated \$61.8MM, Pre-funded \$37.4MM
Production and Development Term	10 yrs through 2028 plus two 5 yr options

Profit Oil Split (BOPD)	Contractor	State
0 - 10,000	50%	50%
10,000 – 25,000	45%	55%
25,000 +	40%	60%

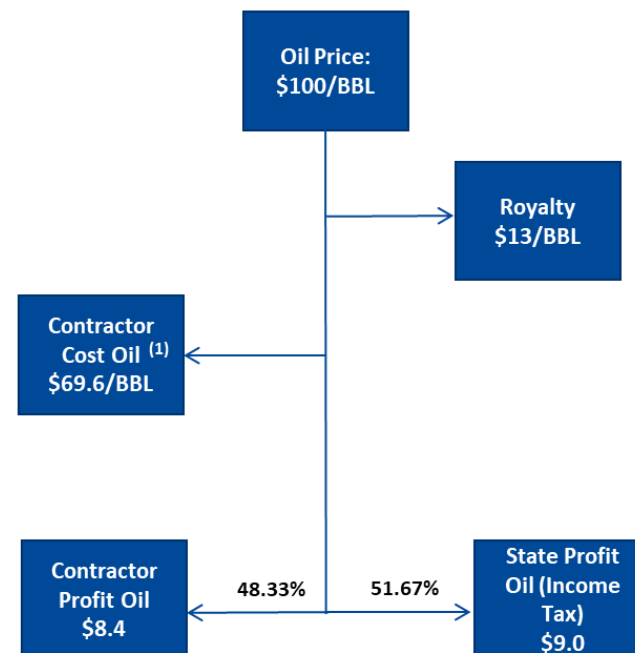
Etame Fiscal Terms

Contractual Fiscal Parameters



Contractual Fiscal Parameters

(assuming 15,000 BOPD gross production)



Etame Marin Block Interest	Working Interest %	Participating Interest%	Net Royalty Interest %
VAALCO	31.1%	33.6%	27.1%

Delivering Value Through Execution

Turnaround Driven by Management Team 2017 to 2018

- New strategy adopted by management team in 2017
- Delivered on objectives to position the Company for sustainable growth
- Initiated Vision 2025 to achieve material increase in scale and value

Management Objectives		Delivered to Date
Negotiate long-term license extension at Etame	▶	Extended PSC to 9/2028, with two 5-year options
Restore production and grow reserves	▶	Completed multiple workover programs Increased reserves 76% from 2017 to 2018
Strengthen financial position	▶	Reduced debt from \$15 MM to zero Self funded 2019/20 Etame drilling program
Focus portfolio	▶	Exited Angola on reasonable terms Acquired 3.23% Etame interest from Sojitz

Management Team

Deep Industry, Technical and Financial Experience



Cary Bounds – Chief Executive Officer and Director

Joined VAALCO in 2015 as COO and was named CEO in December 2016. Mr. Bounds began his career at Conoco in 1991. Most recently led Noble's Central Africa BU, overseeing operations in Equatorial Guinea. Held technical and leadership positions with Noble Energy, SM Energy, Dominion, and ConocoPhillips. Fifteen years domestic experience and ten years international experience, primarily West Africa and UK. Holds B.S. in Petroleum Engineering from Texas A&M University.



Elizabeth Prochnow – Chief Financial Officer

Joined VAALCO in 2015. Over thirty years serving in senior level accounting and financial officer roles with publicly traded companies. Holds a Bachelor of Arts and a Masters of Accounting from Rice University and is a certified public accountant in the State of Texas.



David DesAutels – Executive Vice President Corporate Development

Joined VAALCO in 2017. Over forty years of domestic & international experience in oil and gas development and exploration. Held technical and leadership positions with Noble Energy and Occidental. Holds a M.S. in Geology from University of Minnesota-Twin Cities.



Thor Pruckl – Executive Vice President International Operations

Joined VAALCO in 2019. Over thirty years of domestic & international experience in both upstream and midstream operations and is well versed in both onshore and offshore operations. Held technical and leadership positions with Noble Energy, Talisman Energy, Nexen Energy and BP Resources Canada. Holds an undergraduate degree from the University of Saskatchewan and a Master's from Royal Roads University, UK.



Michael Silver – Executive Vice President and General Counsel

Joined VAALCO in 2018. Over twenty-five years of experience as in-house counsel with ExxonMobil and BHP Billiton supporting international petroleum operations. Areas of experience includes M&A, negotiations, compliance and dispute resolution. Holds a J.D. from the Duke University School of Law, an M.B.A. from the Fuqua School of Business and a B.A. in International Affairs from Lafayette College.

Additional Etame Technical Detail



VAALCO ENERGY, INC.

Etame Complex

A World Class Asset With Material Upside Potential

Gross Reserves and Resources

Producing Wells

>114 MMBO produced to date

32.7 MMBO 2P CPR developed⁽¹⁾

2019/20 Gamba

Drilling: 1.6 MMBO⁽²⁾

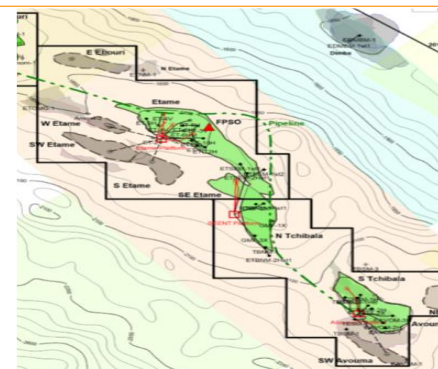


Undeveloped Reserves

South Tchibala

Extension: 1.6 MMBO⁽¹⁾

2P CPR undeveloped reserves in one well

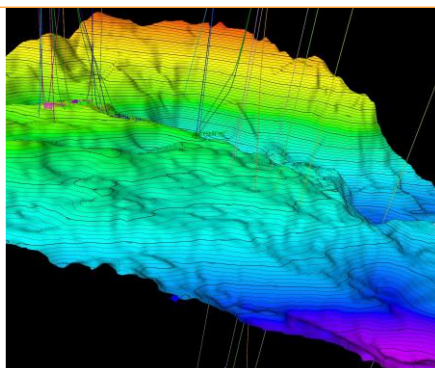


Contingent Resources

Future Dentale Drilling: 7.7 MMBO⁽¹⁾

Crude Sweetening: 6.1 MMBO⁽¹⁾

2028 License Extension: 13.7 MMBO⁽¹⁾

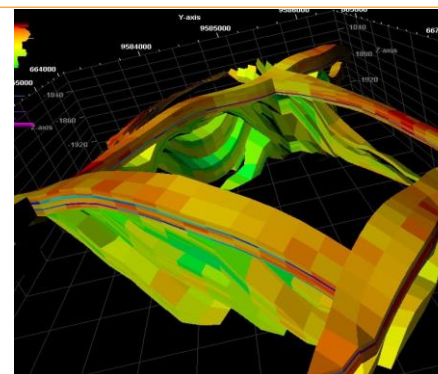


Prospective Resources

Future Gamba Drilling: 30.3 MMBO⁽²⁾

Future Dentale Drilling: 13.2 MMBO⁽²⁾

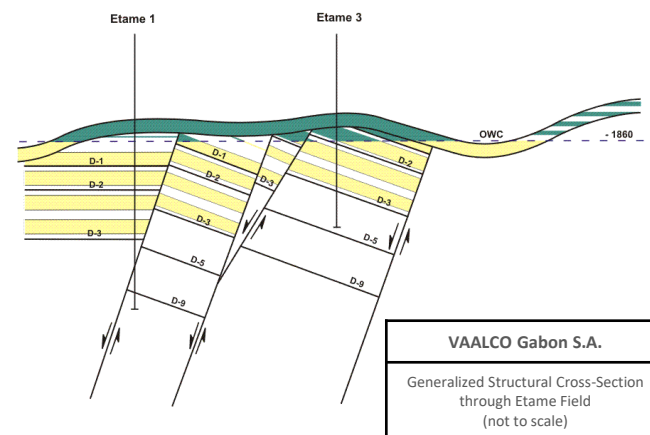
Crude Sweetening: 8.2 MMBO⁽²⁾



Accelerating Growth, Increasing Reserves, Reducing Cost Per Barrel

VAALCO Offshore Gabon Etame Reservoirs

- Located in prolific South Gabon basin in shallow water (~85m)
- Numerous undrilled opportunities at moderate drilling depths (1800m TVD to 2900m TVD)
- Continuous overlying salt sheet provides an effective seal for Gamba/Dentale reservoirs
- Oil was generated from high-class lacustrine source rocks
- Gamba Sandstone reservoir characteristics:
 - Aptian age (mid-Cretaceous)
 - A nearly-continuous deposit across the entire block
 - Exceptional aquifer support
 - Porosity ranges between 20% to 30%
 - Permeability approaches or exceeds 4 Darcies (4000 mD)
- Production rates from horizontal wells can exceed 5,000 BOPD, with limited pressure drawdown
- Recovery factors approach or exceed 50%
- The deeper Dentale formation includes a number of targets in a sand-shale sequence with favorable reservoir properties



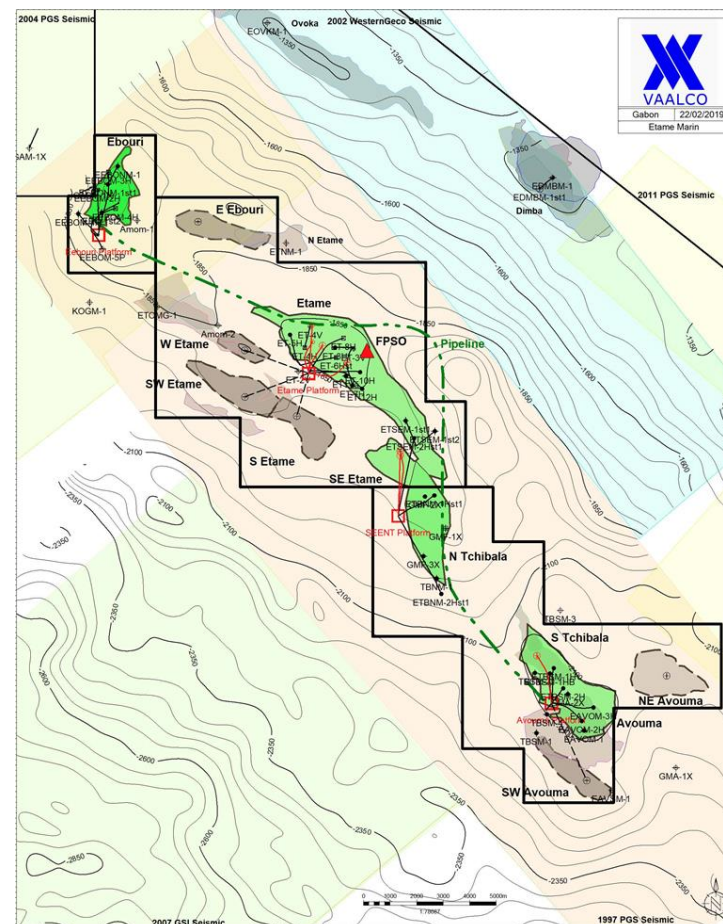
Stratigraphic Column

	Age	Lithology	Formation	Tectonic Phase
Upper Tertiary	Recent - Pleist.		Akasso	Drift - Sag
	Miocene		M'Bega	
			Mandorove	
	Eocene		Animba	
			Ozouri	
	Senonian		Pt. Clairette	
	Turonian		Anguille	
Lower Cretaceous	Cenomanian		Azile	Transitional
			Cap Lopez	
	Albian		Mediela	
	Aptian		Ezanga	
			Vembo	
			Gamba	
	Barremian		Dentale	Late Rift
			Melania	

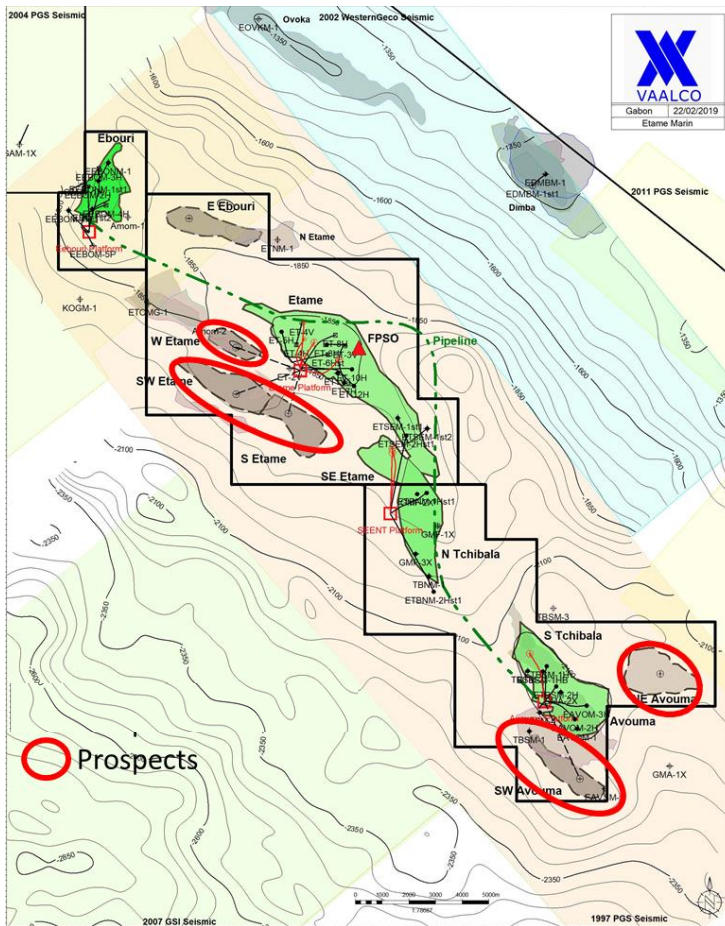
VAALCO Etame Offshore License

- Operator with 31.1% WI and 27.1% NRI (net of royalty)
- Joint Owners: Sinopec (Addax), Sasol, PetroEnergy
- Current producing wells: 32.7 gross MMBO 2019 2P CPR developed and 1.6 MMBO 2P CPR undeveloped⁽¹⁾
- Infrastructure in place for further development

Platform	Producing Wells	Gross BOPD
Etame	4	9,200
SEENT	3	5,400
Avouma	2	2,700
Ebouri	1	700
FPSO Subsea	3	2,600
Total	13	20,600⁽²⁾



Additional Etame Gamba Opportunities



2P CPR Drilling Location:

South Tchibala 3H: Gamba horizontal 2P CPR undeveloped reserves 1.6 MMBO gross⁽¹⁾

Prospective Step Out Locations:

SEENT Platform:

- Three Gamba wells (8.0 MMBO gross)⁽²⁾

Avouma Platform, South Tchibala:

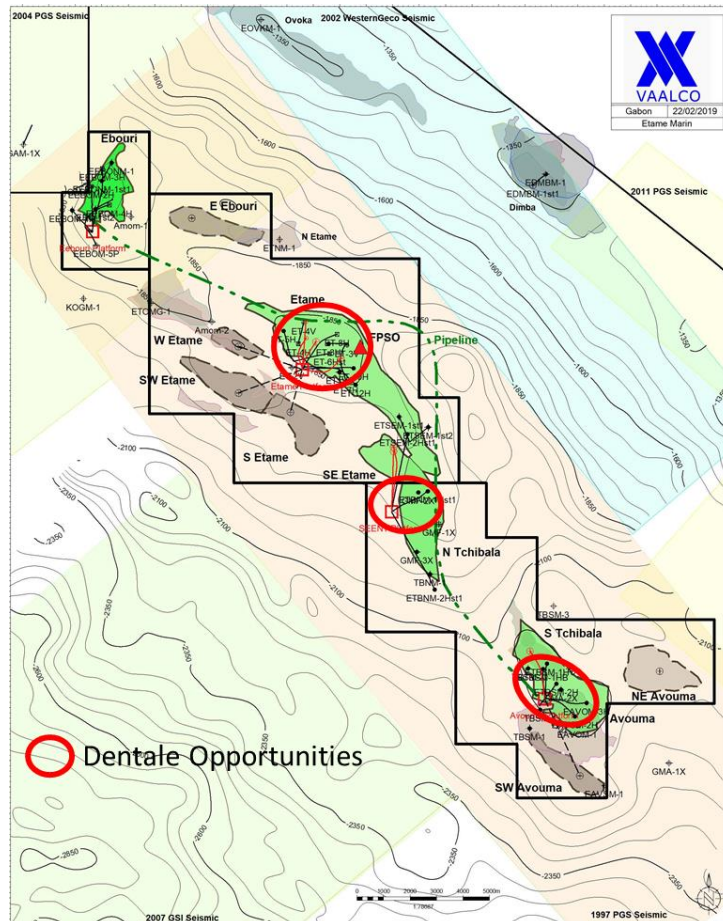
- One Gamba well (2.0 MMBO gross)⁽²⁾

Prospects:

- Provide significant upside opportunities
- Additional satellite opportunities (20.3 MMBO gross)⁽¹⁾
- Determine viability of additional resources on expanded acreage

**~30.3 MMBO of Gross Unrisked Recoverable
Prospective Resources from Gamba Opportunities**

Additional Etame Dentale Opportunities



Additional Prospective Locations:

Etame Platform:

- Four Dentale infills (7.7 MMBO gross)⁽¹⁾

SEENT Platform:

- One Dentale infills (2.5 MMBO gross)⁽¹⁾

Avouma Platform:

- Two Dentale infills (3.0 MMBO gross)⁽¹⁾

Additional Contingent Opportunities:

Etame Platform:

- Two Dentale infills (3.2 MMBO gross)⁽¹⁾

SEENT Platform:

- Three Dentale infills (4.5 MMBO gross)⁽¹⁾

**~20.9 MMBO of Gross Unrisked Recoverable
Prospective & Contingent Resources from
Dentale Opportunities**

Crude Sweetening Project (CSP)

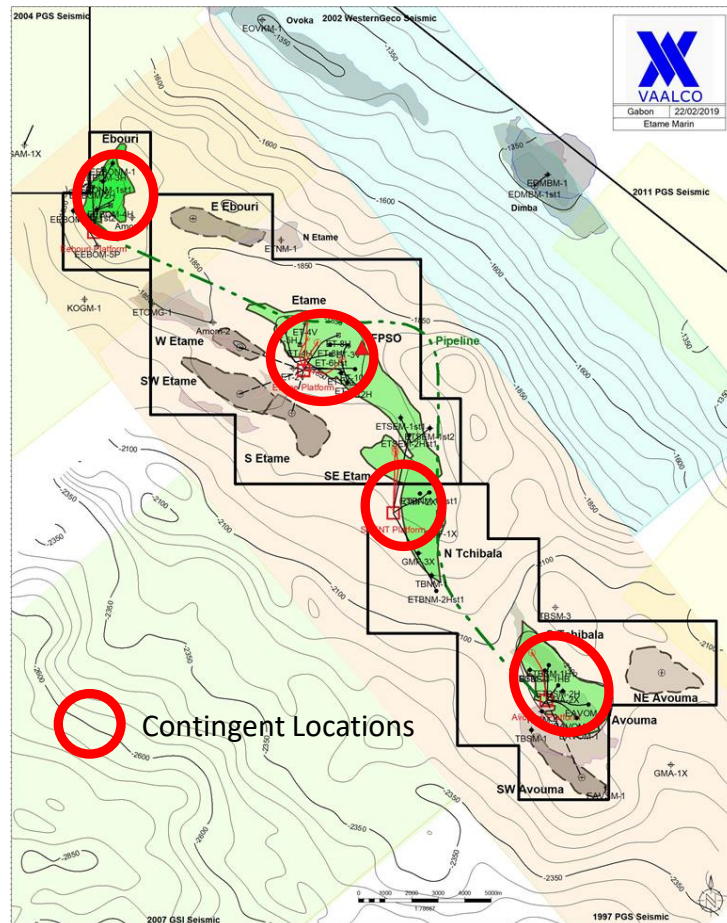
	Gross MMBO ⁽¹⁾			NRI MMBO
	Contingent	Prospective	Total	Total
Wells Drilled and Shut in:				
Ebouri 3H & 4H	4.4	-	4.4	1.2
Etame 8H	0.4	-	0.4	0.1
Future Opportunities:				
Ebouri 5H	1.3	-	1.3	0.4
Ebouri 6H	-	1.1	1.1	0.3
Etame 20H	-	3.5	3.5	0.9
East Ebouri Satellite	-	3.6	3.6	1.0
Total	6.1	8.2	14.3	3.9

- CSP assessment to be conducted as a result of the commitment made with the Etame Marin license extension
- Evaluating economic potential in current pricing environment and looking at ways to minimize costs to enhance returns
- In addition, CSP production could extend Etame economic field life

Lower Resource Risk with ~14.3 MMBO of Gross Upside Potential

Etame Marin Gross Contingent Resources

Upside Resources Beyond 2028



Etame Marin Contingent Resources (2C)

Etame Platform: 7.6 MMBO gross⁽¹⁾

SEENT Platform: 1.1 MMBO gross⁽¹⁾

Avouma Platform: 3.9 MMBO gross⁽¹⁾

Ebouri Platform: 0.4 MMBO gross⁽¹⁾

Subsea: 0.7 MMBO gross⁽¹⁾

VAALCO has two five-year options to extend the Etame license beyond 2028 and convert these resources to reserves

~13.7 MMBO of Gross Unrisked Recoverable Contingent Resources Beyond 2028 from Existing Fields at Etame

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