

Acquisition of Sasol Gabon Assets

Transformational & Strategic
Transaction

November 17, 2020



VAALCO ENERGY, INC.

Safe Harbor Statement

This presentation is prepared by Vaalco Energy, Inc. ("VAALCO" or the "Company") and does not carry any right of publication or disclosure, in whole or in part. This has been prepared for information purposes only and it is not a prospectus for the purposes of the UK Prospectus Regulation Rules as it does not constitute an offer to the public. It is not intended to solicit the dealing in securities, nor does it form part of any invitation, offer or sale or subscription or any solicitation for any offer to buy or subscribe for securities. This presentation does not form the basis of, nor should it be relied upon in connection with or act as any inducement to enter into, any contract or commitment with respect to VAALCO's securities.

This presentation contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this presentation that address activities, events, plans, expectations, objectives or developments that VAALCO expects, believes or anticipates will or may occur in the future are forward-looking statements. These statements may include statements related to the pending transaction, the impact of the COVID-19 pandemic, including the recent sharp decline in the global demand for and resulting global oversupply of crude oil and the resulting steep decline in oil prices, production quotas imposed by Gabon, disruptions in global supply chains, quarantines of our workforce or workforce reductions and other matters related to the pandemic, well results, wells anticipated to be drilled and placed on production, future levels of drilling and operational activity and associated expectations, the implementation of the Company's business plans and strategy, prospect evaluations, prospective resources and reserve growth, its activities in Equatorial Guinea, expected sources of and potential difficulties in obtaining future capital funding and future liquidity, its ability to restore production in non-producing wells, future operating losses, future changes in crude oil and natural gas prices, future strategic alternatives, future acquisitions, capital expenditures, future drilling plans, acquisition and interpretation of seismic data and costs thereof, negotiations with governments and third parties, timing of the settlement of Gabon income taxes and expectations regarding processing facilities, production, sales and financial projections.

These statements are based on assumptions made by VAALCO based on its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond VAALCO's control. These risks include, but are not limited to, crude oil and natural gas price volatility, the failure of the transaction to close, the impact of production quotas imposed by Gabon in response to production cuts agreed to as a member of OPEC, inflation, general economic conditions, the outbreak of COVID-19, the Company's success in discovering, developing and producing reserves, production and sales differences due to timing of liftings, decisions by future lenders, the risks associated with liquidity, lack of availability of goods, services and capital, environmental risks, drilling risks, foreign regulatory and operational risks, and regulatory changes. These and other risks are further described in VAALCO's annual report on Form 10-K for the year ended December 31, 2019, quarterly reports on Form 10-Q and other reports filed with the SEC which can be reviewed at <http://www.sec.gov>, or which can be received by contacting VAALCO at 9800 Richmond Avenue, Suite 700, Houston, Texas 77042, (713) 623-0801. Investors are cautioned that forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements. Except as required by law, VAALCO disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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.

Acquisition Highlights

Immediately Accretive to VAALCO

- ❑ Acquiring an additional 27.8% WI in the VAALCO operated Etame Marin block offshore Gabon, increasing VAALCO's total WI to 58.8%

- ❑ Nearly doubles VAALCO's total net production and reserves
 - ❑ Increases NRI production from 4,850 BOPD to 9,150 BOPD based on current month production

 - ❑ Increases year-end 2019 SEC reserves⁽¹⁾ from 5.0 MMBO to 9.4 MMBO

 - ❑ Increases year-end 2019 independent 2P CPR reserves⁽²⁾ from 9.2 MMBO to 17.5 MMBO

- ❑ Immediately accretive to VAALCO, with estimated increase of 23% in free cash flow per barrel⁽³⁾ from approximately \$10.90 to \$13.30 at \$45 realized oil price

- ❑ Upside optionality from acquisition of Sasol's 40% non-operated participating interest in Block DE-8 offshore Gabon
 - ❑ Potentially drilling an appraisal well in 2021, with estimated net costs of between \$7 - \$9 million

Acquisition Terms

Expected to Close in the Next 90 Days

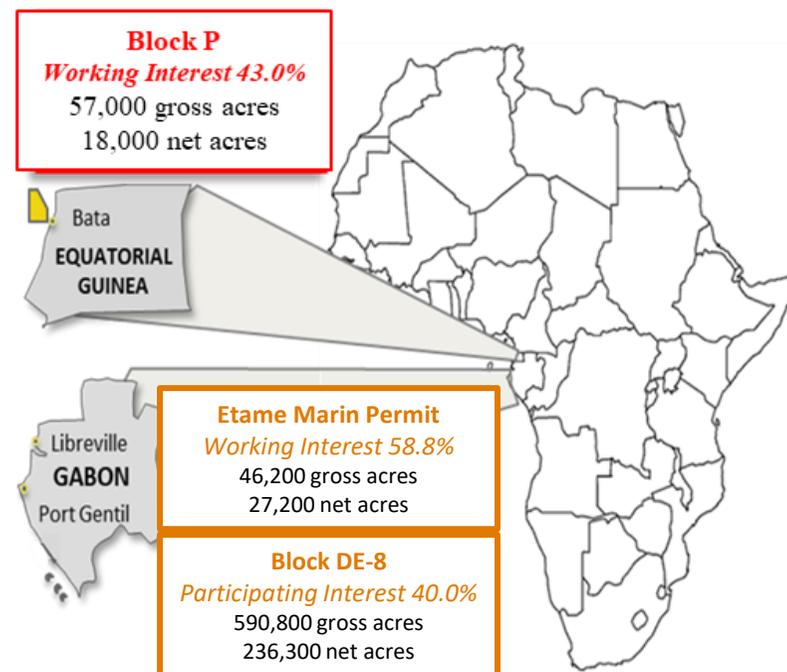
- ❑ Total consideration to Sasol for the entire transaction of \$44 million, subject to customary post-effective date adjustments, and future contingent payments of up to \$6 million
- ❑ Effective date is July 1, 2020 and expected to close in 90 days
- ❑ Cash paid at closing is expected to be less than \$44 million to account for net cash flows attributable to the period from the July 1, 2020 effective date until the closing date
 - ❑ Interim cash flows from July 1 to Sept. 30 adjusted for their ownership interest, were ~\$5.5 million
- ❑ Funding for the acquisition will be from cash on hand and cash from operations
- ❑ Closing conditions include receipt of all necessary written consents, approvals or waivers
- ❑ Contingent payments:
 - ❑ \$5 million if Brent averages >\$60/bbl for 90 consecutive days during 7/1/20 to 6/30/22
 - ❑ \$1 million if DE-8 appraisal well is successful

Reserves, Production and Financial Results for the Interests Being Acquired Will be Included in VAALCO's Results for Periods After the Closing Date of the Transaction

Transformational & Strategic Transaction

Increases Size and Scale⁽¹⁾ (Highlighted below)

- International E&P focused on low-risk, producing assets in West Africa
- Operator of Gabon offshore Etame license
 - **Etame Joint Owners Participating Interests⁽¹⁾**: VAALCO (operator) **63.6%**, Addax (Sinopec) 33.9%, PetroEnergy 2.5%
- Produced ~118 gross MMBO to date with remaining reserves and resources of ~116 gross MMBO at Etame⁽³⁾
- Highly successful 2019/2020 work program; resulting in estimated 40% increase in production for FY'20 over FY'19
 - Inventory of well locations available for multiple future drilling campaigns at Etame
 - Acquired new proprietary 3-D seismic data over entire Etame Marin block to optimize and de-risk future drilling locations as well as identify new potential locations
- Significant potential in Equatorial Guinea
- ***New non-operated opportunity in Block DE-8 offshore Gabon, with an existing discovery and potential appraisal well in 2021***
- Strong balance sheet with no debt

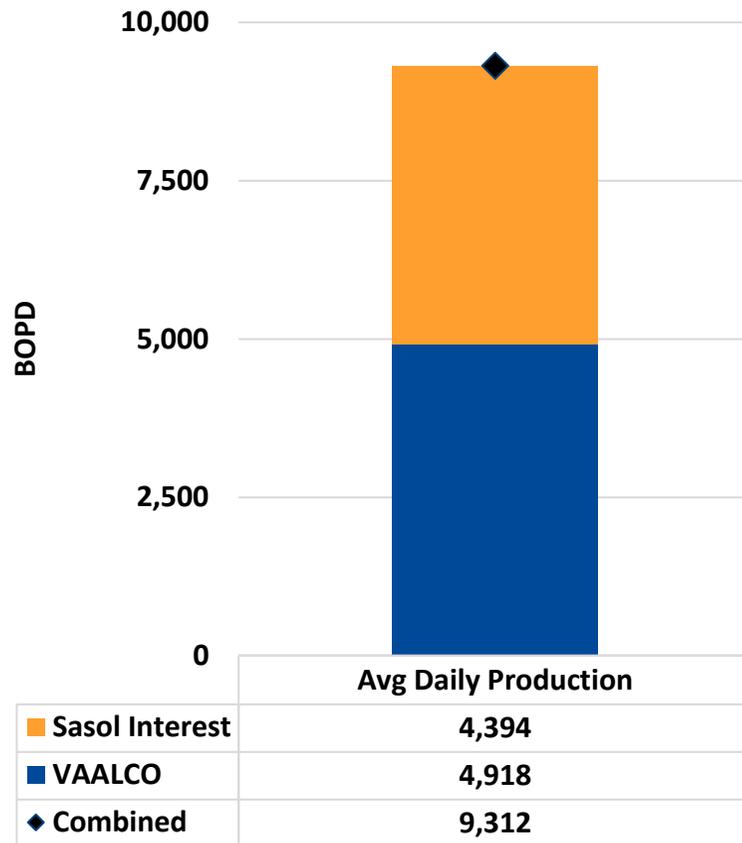


	<u>Gross</u>	<u>WI⁽²⁾</u>	<u>NRI⁽³⁾</u>
YE'19 SEC Proved Reserves (MMBO) ⁽⁵⁾	18.4	10.8	9.4
YE'19 2P CPR Reserves (MMBO) ⁽⁶⁾	34.3	20.1	17.5
YTD Sept 2020 Production (BOPD)	18,201	10,703	9,312

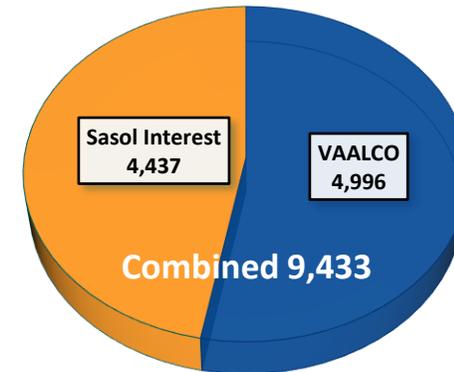
Step Change in Total NRI Production and Reserves

Nearly Doubles Size and Scale

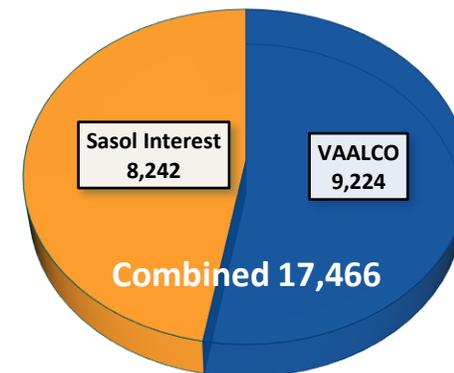
YTD Sept 2020 NRI Production



2019 YE PROVED SEC RESERVES⁽¹⁾ (MBBLS)



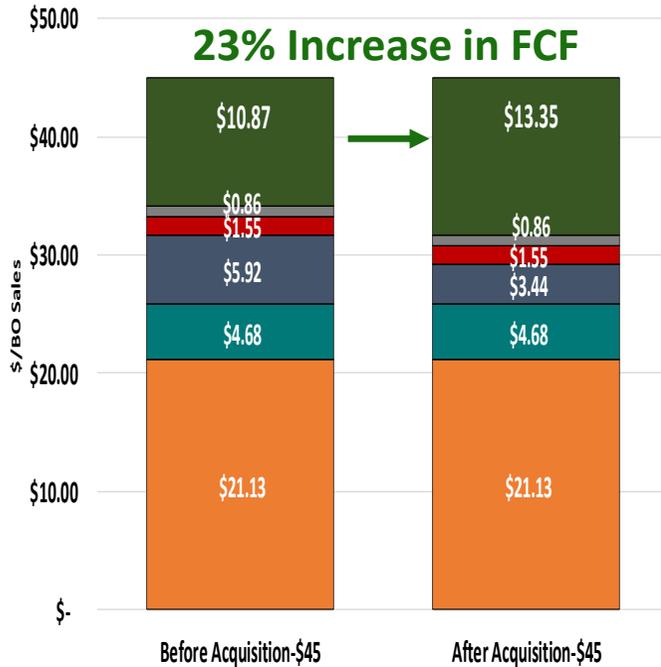
2019 YE 2P CPR RESERVES⁽²⁾ (MBBLS)



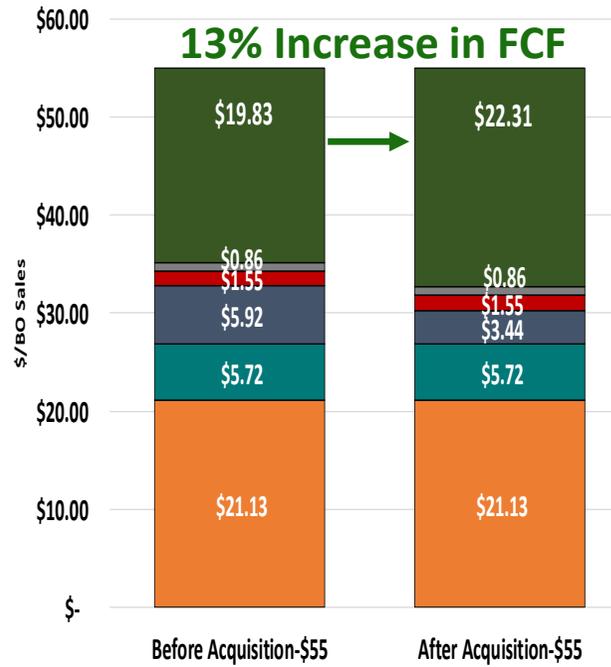
VAALCO Free Cash Flow Overview (2020E)

Acquisition Increases Free Cash Flow per Barrel

2020 Free Cash Flow Per Barrel @\$45 Realized Oil Price



2020 Free Cash Flow Per Barrel @\$55 Realized Oil Price



- Each \$5/barrel improvement in oil price:
 - Increases Free Cash Flow by ~\$15 million
 - Increases Adjusted EBITDAX by ~\$17 million
- Free cash flow per barrel excludes Hedging and Capex
- Approximately 90% of estimated opex is fixed, resulting in enhanced margins with additional volumes

■ OPEX⁽¹⁾
■ Tax
 ■ G&A⁽²⁾
■ Workovers
 ■ ARO⁽³⁾
■ FCF

■ OPEX⁽¹⁾
■ Tax
 ■ G&A⁽²⁾
■ Workovers
 ■ ARO⁽³⁾
■ FCF

Expected to Reduce Free Cash Flow Breakeven from \$33/Bbl to <\$31/Bbl

Reserves and Resources at Etame

Organic Growth Opportunities

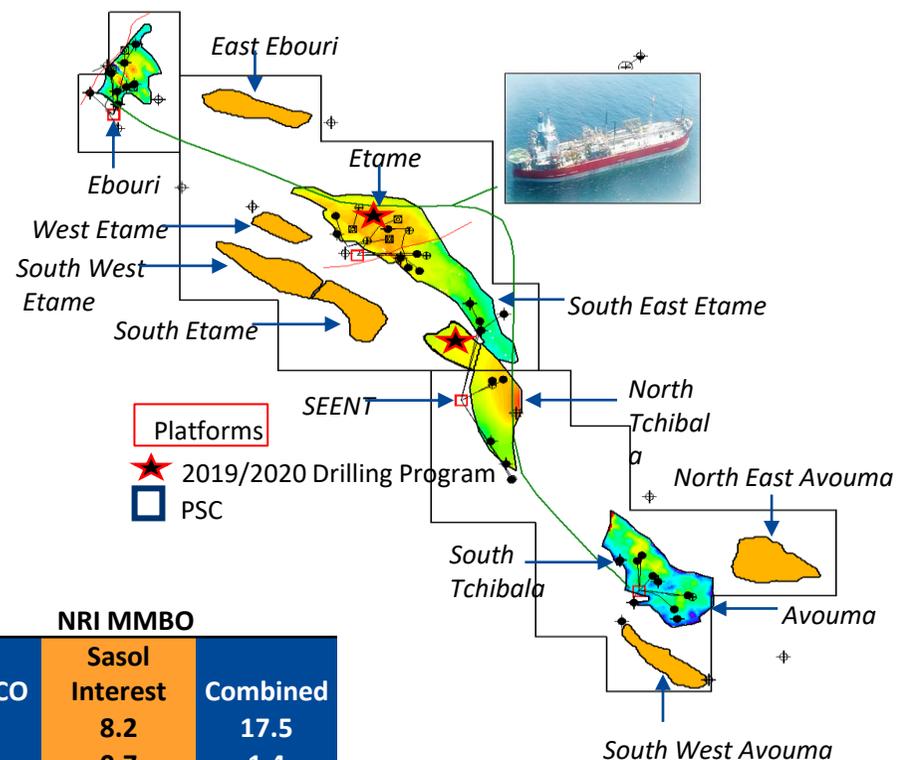
Gamba Extensions: 3 South East Etame and 2 South Tchibala Gamba wells

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

Extension beyond 2028: Reserves and resources beyond economic life up to 2038 for PSC



	Gross MMBO				NRI MMBO		
	2P	Contingent ⁽¹⁾	Prospective ⁽²⁾	Total	VAALCO	Sasol Interest	Combined
CPR @ 12/31/2019	34.3 ⁽¹⁾	-	-	34.3	9.2	8.2	17.5
South East Etame 4H	2.7 ⁽³⁾	-	-	2.7	0.7	0.7	1.4
Future Opportunities:							
Gamba Extensions	-	-	10.0	10.0	2.7	2.4	5.1
Gamba Satellite Prospects	-	-	20.3	20.3	5.5	4.9	10.4
Dentale Sub Crop	-	3.2	2.1	5.3	1.4	1.3	2.7
Dentale Development Wells	-	4.5	11.1	15.6	4.2	3.8	8.0
Crude Sweetening Project	-	6.1	8.2	14.3	3.9	3.5	7.3
Extension based on economics	-	13.7	-	13.7	3.6	3.2	6.8
Total	37.0	27.5	51.7	116.2	31.3	27.9	59.2

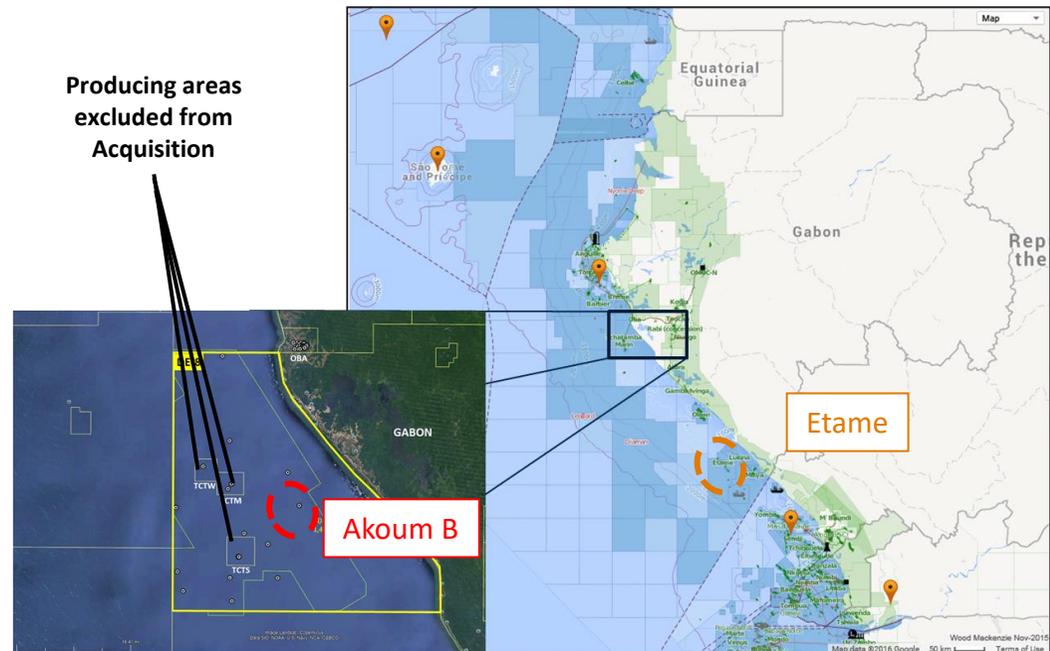
Block DE-8 Offshore Gabon

Diversifying and Adding to the Portfolio

- VAALCO is acquiring a 40% non-operated participating interest⁽¹⁾ in Block DE-8 offshore Gabon
 - Perenco is the operator, holding the remaining 60%
 - Located in shallow waters and encompasses multiple existing producing fields that are not part of the transaction and are carved out of the contract area
 - Working interest is subject to government rights for a 20% carried interest and 10% back-in interest and 14% royalty
- SPA includes interest in the Akoum-B discovery that was drilled in 2003
- Potential appraisal well on Akoum-B discovery in 2021
 - Estimated net cost to drill the appraisal well at between \$7 million and \$9 million
- Successful appraisal well could be tied back through a subsea completion to Perenco's existing platform

DE-8 Overview

- ~ 180 miles NW of Etame
- Water depth 0 - 100 meters (block straddles Gabon shoreline)
- ~ 75% covered in 3D seismic
- Multiple Cretaceous stacked sandstone and carbonate reservoirs



Near-Term and Long-Term Catalysts

Acquisition Enhances Upside Potential

Etame – Seismic & Future Drilling

- New proprietary 3-D seismic data over entire Etame Marin block projected to be completed Q4'20
- Optimizes future drilling locations, provides better imaging of existing satellite and infill locations, as well as identifies additional upside opportunities
- High upside potential with relatively low risk Gamba satellite and extension prospects targeted for 2021/2022 drilling program
- PSC in place for up to 20 years with significant remaining reserves and resources of ~116 gross MMBO at Etame

Block DE-8

- Adds upside optionality
- Potential Akoum-B appraisal well in 2021
- Estimated net cost to drill appraisal well is \$7 - \$9 million
- Successful well could be tied back through a subsea completion to existing Perenco-operated platform

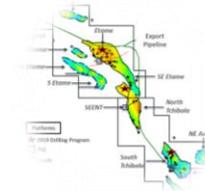
Equatorial Guinea Block P

- Future potential with PSC license period of 25 years from date of approval of a development and production plan
- Ongoing farmout discussions with Levene where they will potentially cover all, or substantially all, exploratory well costs
- 16.5 MMBOE unrisks gross 2C resource Venus discovery; 7.9 MMBOE unrisks gross 2C resource Europa discovery
- Well defined exploration opportunity with 164 MMBOE unrisks gross resource potential in SW Grande

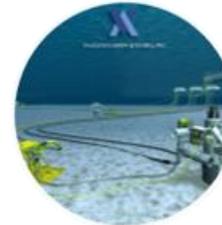
Vision 2025

Roadmap to Transformational Growth

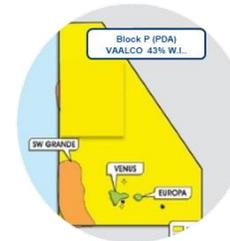
- *Achieve material increase in scale as a premier Africa operator*
- Maintain operational excellence, cost discipline and strong balance sheet
- Execute work programs at Etame to grow production and reserves
- Partner with established African company in Equatorial Guinea
- *Pursue value accretive M&A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



2019/20 Etame License Work Program



Future Etame License Work Programs



Equatorial Guinea – Block P



New Ventures and M&A

**Delivering Profitable Growth Through Acquisitions and Operational Execution
In Line with Our Strategic Objectives**

Sasol Acquisition Is Ideal Growth Transaction

Value Accretive and Consistent with Growth Strategy

Nearly Doubles VAALCO's Total Net Production and Reserves

Estimated to Increase VAALCO's Free Cash Flow Per Barrel by ~ \$2.40

Non-Operated WI in Block DE-8 with Upside Optionality, Includes an Existing Discovery and Potential Appraisal Well in 2021 Providing a Near-Term Catalyst

Total Consideration to Sasol for the Entire Transaction of \$44 Million, Subject to Customary Post-Effective Date Adjustments and Contingent Payments

Funding for the Acquisition Will be From Cash on Hand and Cash From Operations

Contact

Corporate Office

9800 Richmond Avenue,
Suite 700, Houston, Texas 77042

T 713.623.0801

F 713.623.0982

E vaalco@vaalco.com

Branch Office

VAALCO Gabon SA
B.P. 1335,
Port Gentil, Gabon

T +241-(0)1-56-55-29

Investor Contacts

U.S. - Al Petrie

T 713.543.3422

E apetrie@vaalco.com

U.K. - Ben Romney / Kelsey Traynor / James Husband

T 44.0.20.7466.5000

E vaalco@buchanan.uk.com

www.vaalco.com



VAALCO ENERGY, INC.