



VAALCO ENERGY, INC.

## Q4 and Full Year 2022 Supplemental Information

# PROFITABLY AND SUSTAINABLY GROWING VALUE

UPDATED APRIL 6, 2023



# SAFE HARBOR STATEMENT



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This presentation includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created by those laws and other applicable laws and “forward-looking information” within the meaning of applicable Canadian securities laws. Where a forward-looking statement expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. All statements other than statements of historical fact may be forward-looking statements. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “forecast,” “outlook,” “aim,” “target,” “will,” “could,” “should,” “may,” “likely,” “plan” and “probably” or similar words may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this press release include, but are not limited to, statements relating to: (i) statements regarding VAALCO’s expectations with respect to financial conditions and results for the fourth quarter and year ended December 31, 2022; (ii) VAALCO’s ability to file, and the timing of any such filing, of its Annual Report for the year ended December 31, 2022; (iii) VAALCO’s ability to realize the anticipated benefits and synergies expected from acquisition of TransGlobe; (iv) estimates of future drilling, production, sales and costs of acquiring crude oil and natural gas; (v) estimates of future cost reductions, synergies, savings and efficiencies; (vi) expectations regarding VAALCO’s ability to effectively integrate assets and properties it acquired as a result of the acquisition of TransGlobe into its operations; (vii) the amount and timing of stock repurchases, if any, under the VAALCO’s stock buyback program and VAALCO’s ability to enhance stockholder value through such plan; (viii) expectations regarding future exploration and the development, growth and potential of VAALCO’s operations, project pipeline and investments, and schedule and anticipated benefits to be derived therefrom; (ix) expectations regarding future acquisitions, investments or divestitures; (x) expectations of future dividends and returns to stockholders; (xi) expectations of future balance sheet strength; (x) expectations of the continued listing of VAALCO’s common stock on the NYSE and LSE; and (xii) VAALCO’s ability to finalize documents and effectively execute the POD for the Venus development in Block P.

Such forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by the forward-looking statements. These risks and uncertainties include, but are not limited to: risks relating to any unforeseen liabilities of VAALCO or TransGlobe; declines in oil or natural gas prices; the level of success in exploration, development and production activities; adverse weather conditions that may negatively impact development or production activities; the right of host governments in countries where we operate to expropriate property and terminate contracts (including the Egypt PSCs, the Etame PSC and the Block P PSC) for reasons of public interest, subject to reasonable compensation, determinable by the respective government in its discretion; the final terms of the agreements pertaining to Block P in Equatorial Guinea, which remain under negotiation; the timing and costs of exploration and development expenditures; inaccuracies of reserve estimates or assumptions underlying them; revisions to reserve estimates as a result of changes in commodity prices; impacts to financial statements as a result of impairment write-downs; the ability to generate cash flows that, along with cash on hand, will be sufficient to support operations and cash requirements; the ability to attract capital or obtain debt financing arrangements; currency exchange rates and regulations; actions by joint venture co-owners; hedging decisions, including whether or not to enter into derivative financial instruments; international, federal and state initiatives relating to the regulation of hydraulic fracturing; failure of asses to yield oil or gas in commercially viable quantities; uninsured or underinsured losses resulting from oil and gas operations; inability to access oil and gas markets due to market conditions or operational impediments; the impact and costs of compliance with laws and regulations governing oil and gas operations; the ability to replace oil and natural gas reserves; any loss of senior management or technical personnel; competition in the oil and gas industry; the risk that the business combination with TransGlobe may not increase VAALCO’s relevance to investors in the international E&P industry, increase capital market access through scale and diversification or provide liquidity benefits for stockholders; and other risks described under the caption “Risk Factors” in VAALCO’s 2022 Annual Report on Form 10-K, expected to be filed with the SEC on April 6, 2023.

Dividends beyond the first quarter of 2023 have not yet been approved or declared by the Board. The declaration and payment of future dividends and the terms of share buybacks remains at the discretion of the Board and will be determined based on VAALCO’s financial results, balance sheet strength, cash and liquidity requirements, future prospects, crude oil and natural gas prices, and other factors deemed relevant by the Board. The Board reserves all powers related to the declaration and payment of dividends and the terms of share buybacks. Consequently, in determining the dividend to be declared and paid on VAALCO common stock or the terms of share buybacks, the Board may revise or terminate the payment level or buyback terms at any time without prior notice.

# SAFE HARBOR STATEMENT



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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. VAALCO uses terms in this presentation, such as "2P" and "2P WI CPR reserves," and similar terms or other descriptions of volumes of reserves potentially recoverable that the SEC's guidelines strictly prohibit VAALCO from including in filings with the SEC. These terms refer to VAALCO's proved plus probable estimates of unbooked hydrocarbon quantities, as reported by Netherland, Sewell & Associates, Inc. ("NSAI") and GLJ Petroleum Consultants Ltd. ("GLJ"), 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 VAALCO's interests may differ substantially from those presented herein. Factors affecting ultimate recovery include the scope of VAALCO'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 VAALCO's assets provides additional data. In addition, VAALCO'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.

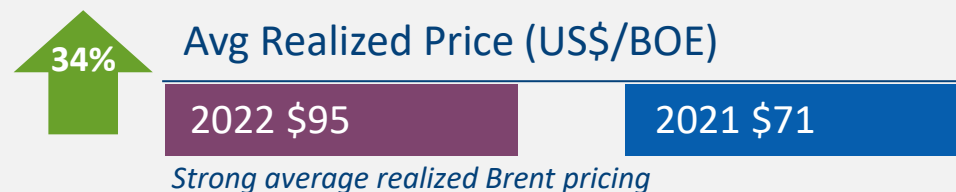
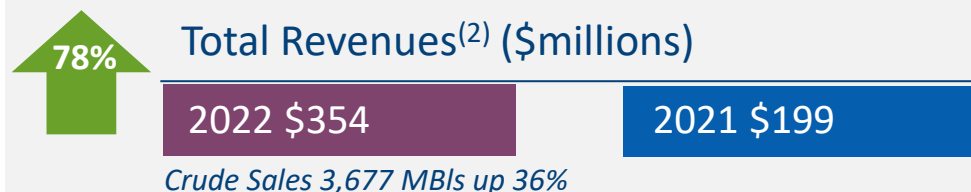
Estimates of reserves provided in this presentation are estimates only and there is no guarantee that estimated reserves will be recovered. Actual reserves may be greater than or less than estimates provided in this presentation and differences may be material. There is no assurance that forecast price and cost assumptions applied by NSAI, GLJ or by VAALCO in evaluating its 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.

# TRANSFORMATIVE RESULTS THROUGH FOCUSED EXECUTION

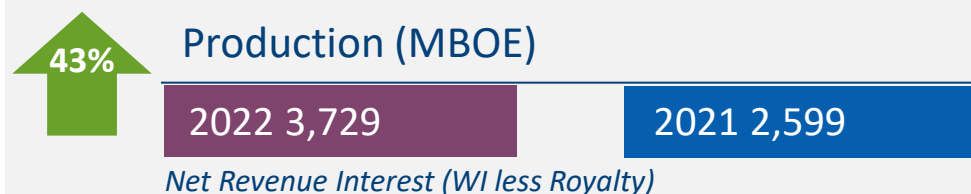


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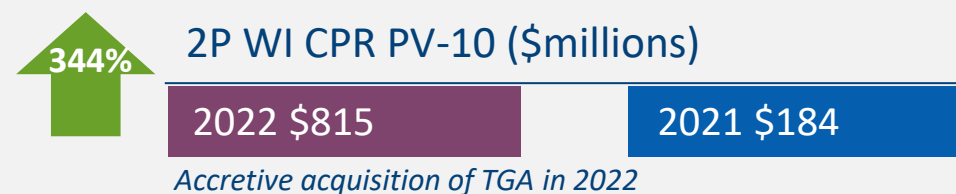
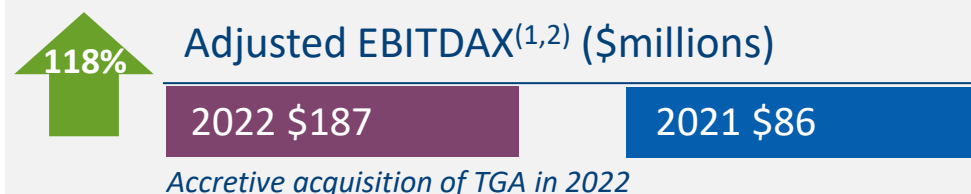
## Revenue & Price



## Production & Reserves



## Profitability & Cash Generation



## Investment



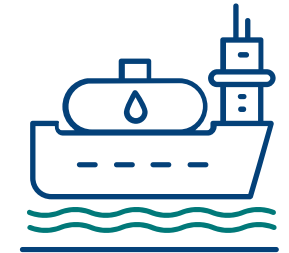
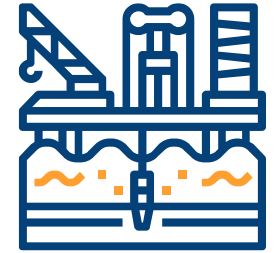
**Production Growth, Strong Cash Flow Generation, and Debt Free Balance Sheet Allows Increased Shareholder Returns**

# Q4 AND FY 2022 RECENT OPERATIONAL HIGHLIGHTS



## Continued Strong Performance

- Closed the strategic and transformational business combination with TransGlobe on October 13, 2022
- Announced successful completion of the Floating, Storage and Offloading vessel (“FSO”) installation and field reconfiguration project at Etame in late October
  - Completed the annual field-wide maintenance turnaround concurrently with the FSO and field reconfiguration
- Increased Q4 production to 14,390 net BOEPD and FY’22 production to 10,217 net BOEPD
- Grew sales to 1,371,000 BOE in Q4 2022 and FY’22 sales grew to 3,677,000 BOE
- Increased year-end 2022 SEC proved reserves by 149% to 27.9 MMBOE with the PV-10 value up 529% to \$624 million, and increased year-end 2P CPR reserves by 292% to 76.4 MMBOE with 2P CPR PV-10 value up 344% to \$815 million
- Successfully spudded the Arta 77HC well targeting the Nukhul reservoir encountering 1,363 lateral meters of good oil and gas shows



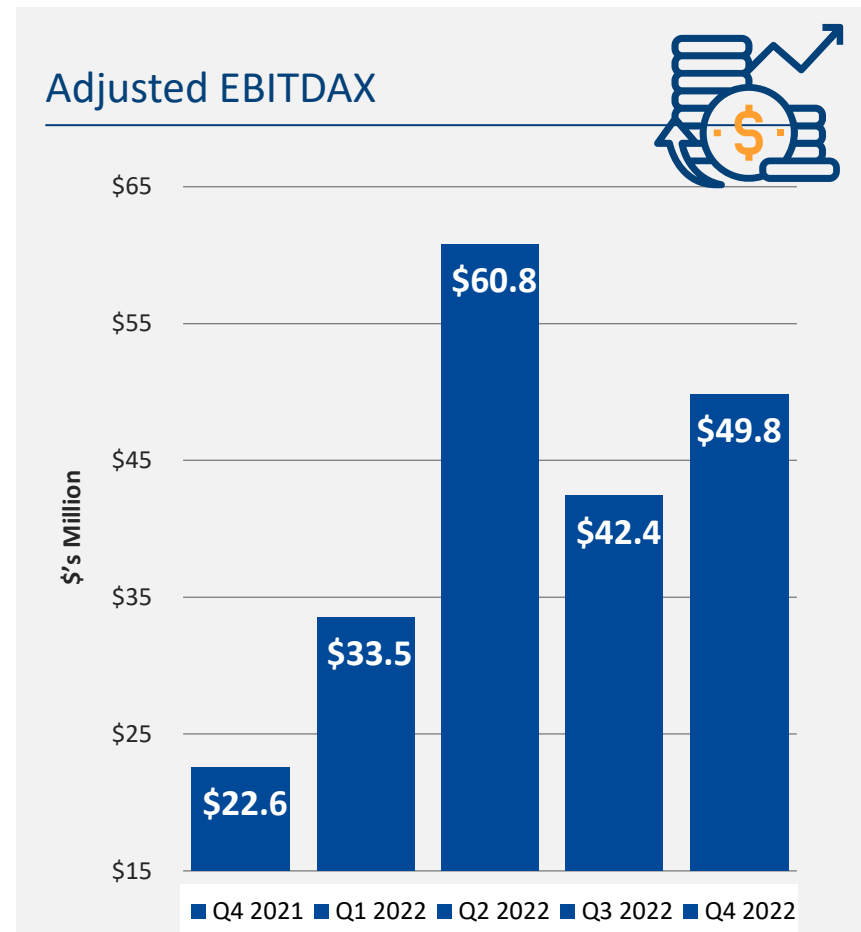
**Executing Strategic Initiatives While Delivering Strong Operational Results and Cash Flow Growth**

# Q4 AND FY 2022 RECENT FINANCIAL HIGHLIGHTS<sup>1</sup>



## Continued Strong Performance

- Generated Adjusted EBITDAX of \$49.8 million in Q4'22 and \$186.6 million in FY'22
- Reported Q4'22 net income of \$17.8 million (\$0.17 per diluted share) and Adjusted Net Income of \$19.2 million (\$0.19 per diluted share)
- Reported FY'22 net income of \$51.9 million (\$0.73 per diluted share) and Adjusted Net Income of \$104.3 million (\$1.49 per diluted share)
- Funded \$159.9 million cash capital expenditures in 2022 with cash on hand and cash from operations
- Strong, debt-free balance sheet with unrestricted cash balance of \$37.2 million and Adjusted Working Capital of \$44.2 million
- Increased quarterly cash dividend by 92% to \$0.0625 per share of common stock for the first quarter of 2023 (\$0.25 annualized), from \$0.0325 per share (\$0.13 annualized) in 2022;
- Returned additional \$7.5 million to shareholders through share buybacks from initiation of program in November 2022 through March 2023



**Continued Strong Cash Flow Generation Fully Funding Shareholder Returns and Capital Program**

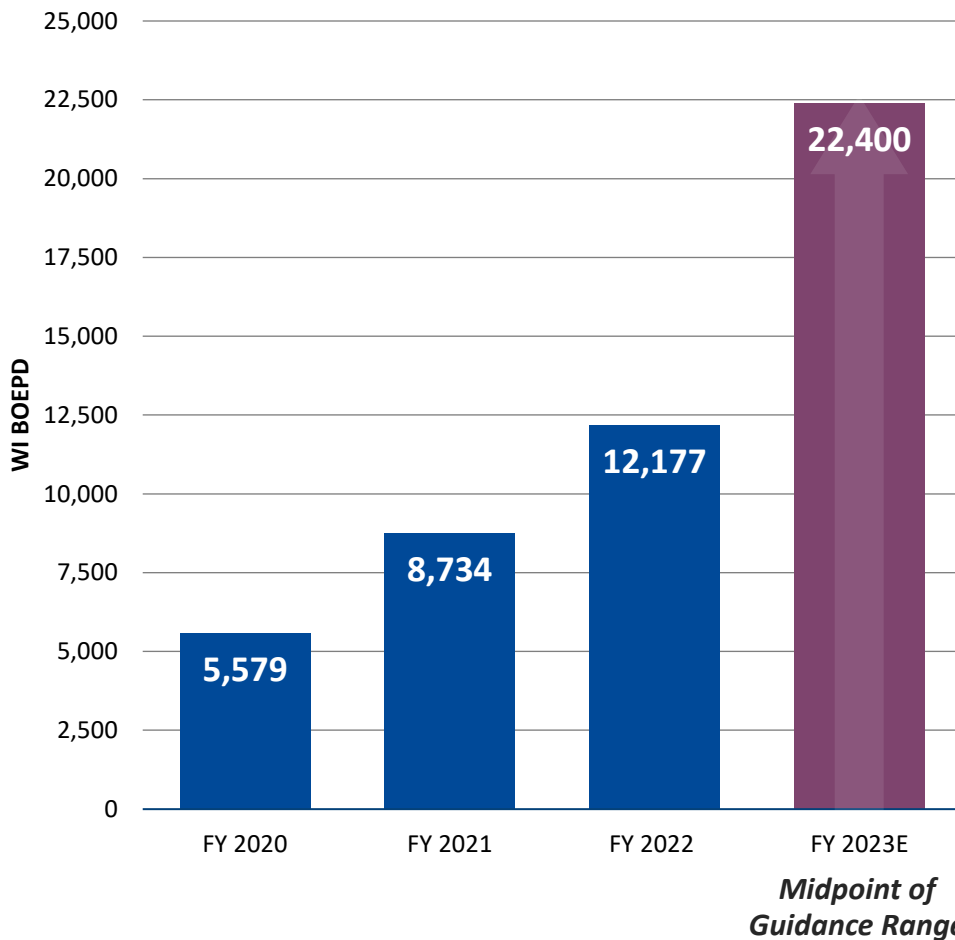


# STEP CHANGE IN TOTAL PRODUCTION AND RESERVES

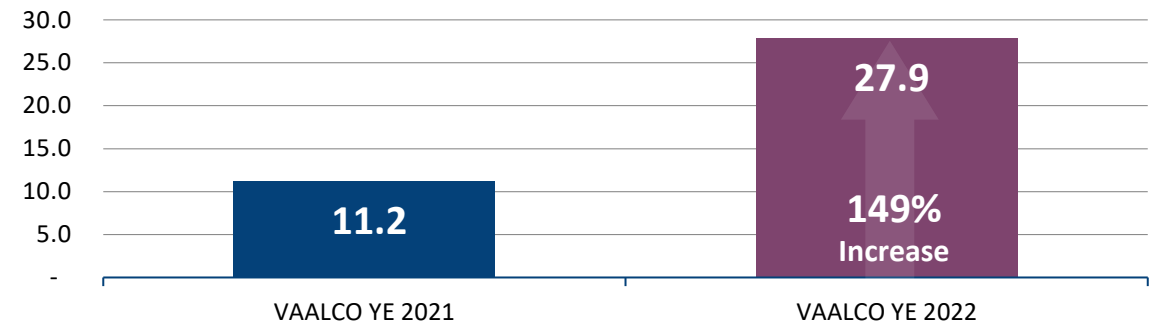
Significant Increase in Size and Scale



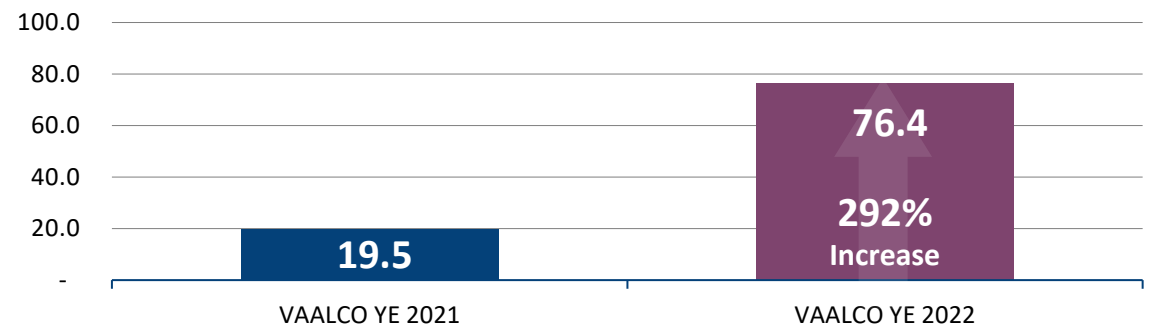
## Production (WI) Outlook



## SEC Proved Reserves<sup>(1)</sup> (MMBOE)



## 2P CPR WI Reserves<sup>(2)</sup> (MMBOE)



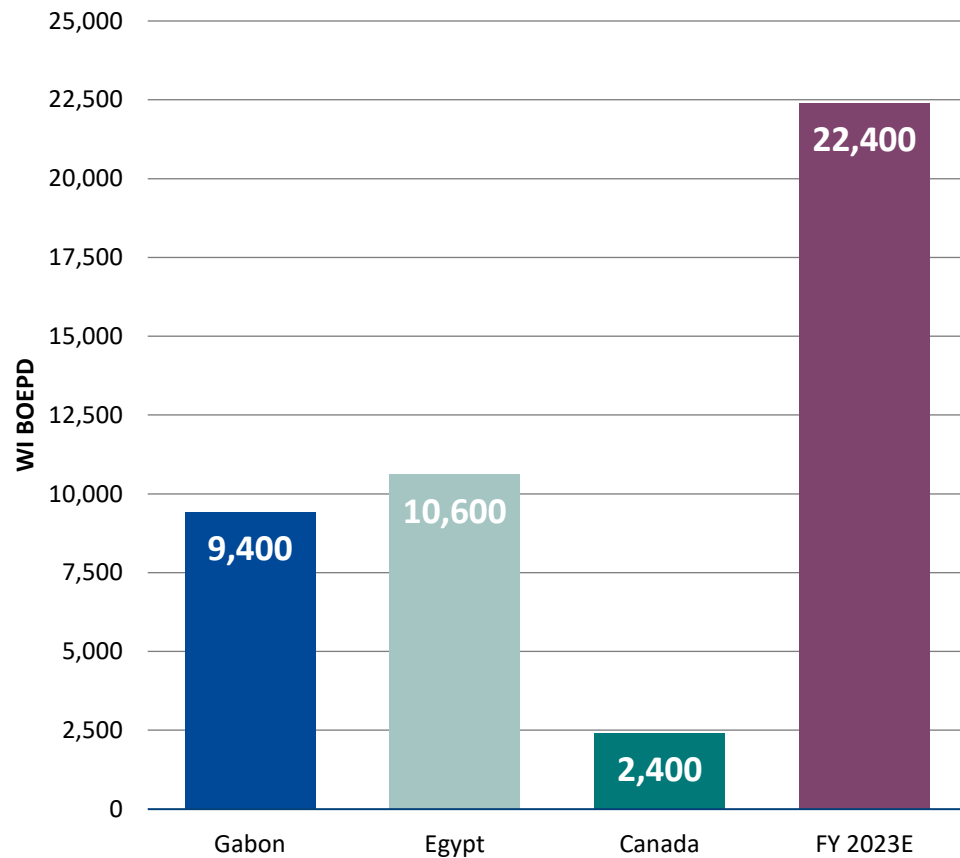
1) SEC reserves are NSAI estimates as of December 31, 2021 and NSAI and GLJ estimates as of December 31, 2022  
 2) 2P CPR WI Reserves are NSAI and GLJ estimates as of December 31, 2022 with VAALCO's management assumptions for escalated crude oil price and costs

# PRODUCTION AND RESERVES

By Area

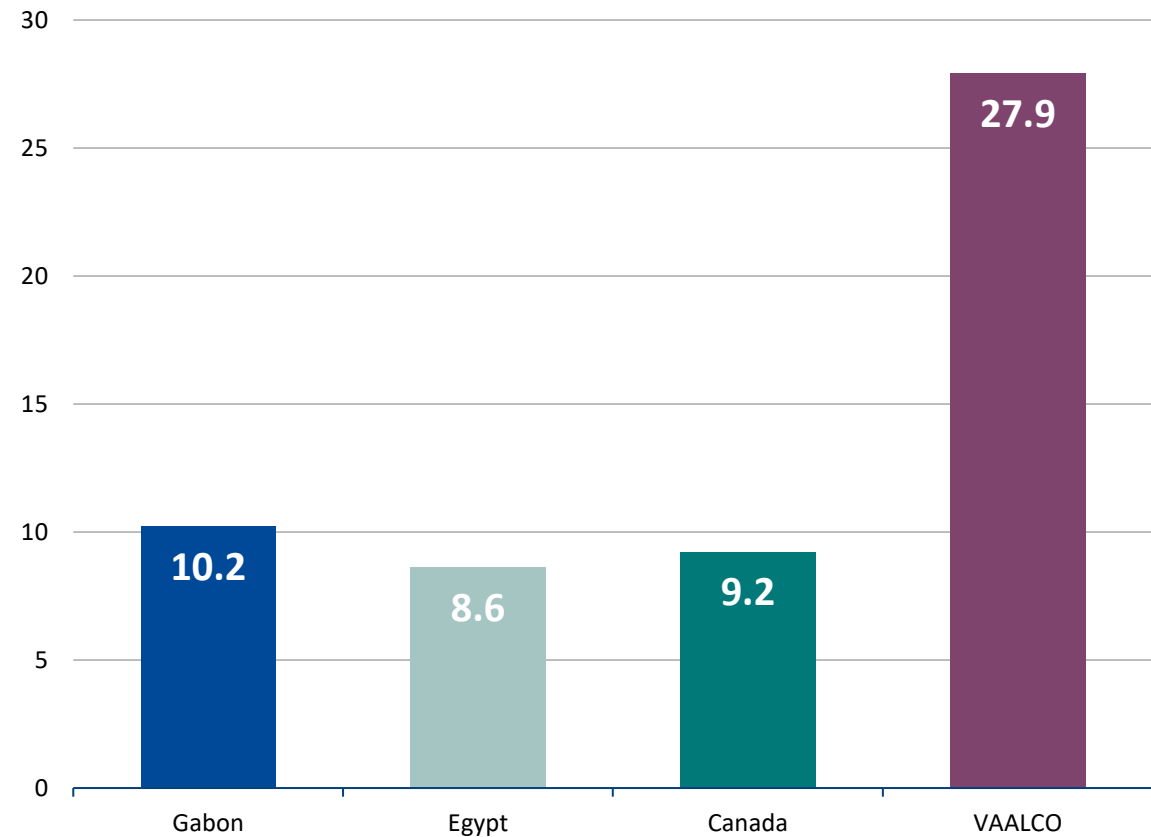


## Production (WI) Outlook



*Midpoints of 2023 Full Year Guidance Range*

## SEC Proved Reserves<sup>(1)</sup> (MMBOE)

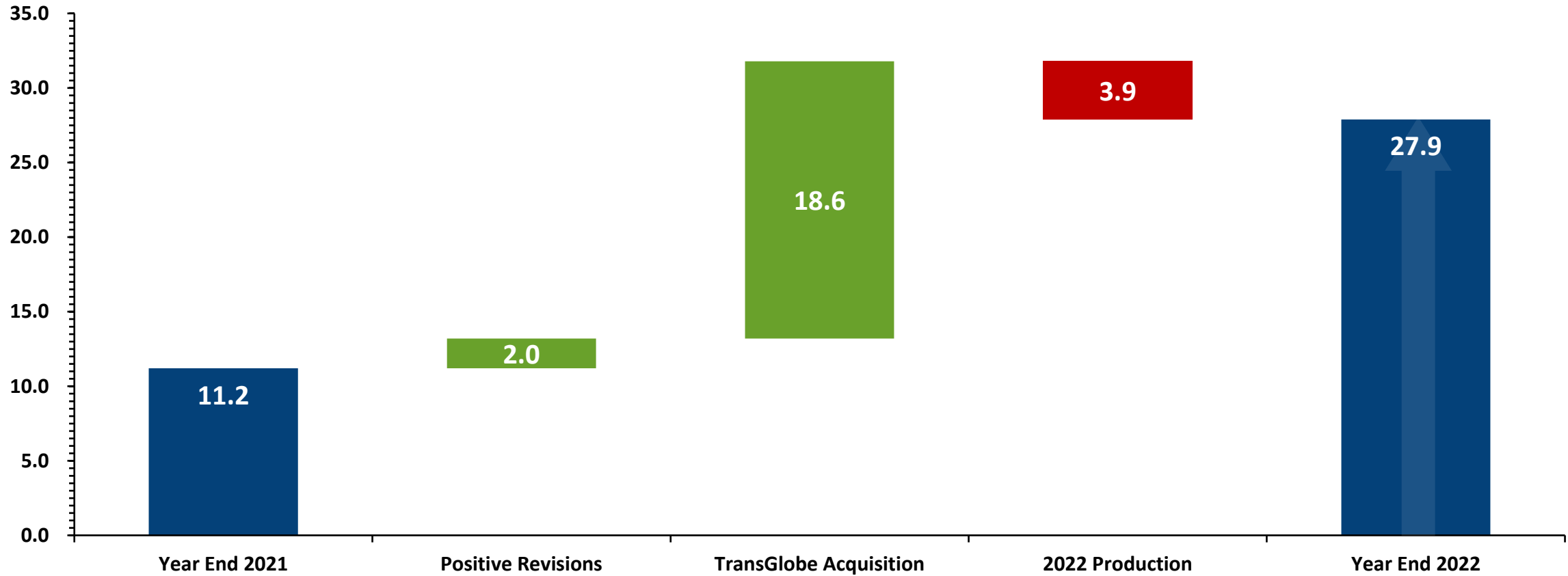


<sup>1)</sup> SEC reserves are NSAI estimates as of December 31, 2021 and NSAI and GLJ estimates as of December 31, 2022



# YEAR-END 2022 RESERVES

Proved SEC NRI 1P Reserve Reconciliation 2021 to 2022 (MMBOE)



**Increased SEC Proved Reserves 149%, Driven by Accretive Acquisition and Positive Revisions**

# Debt Free Balance Sheet, Strong Financial Foundation

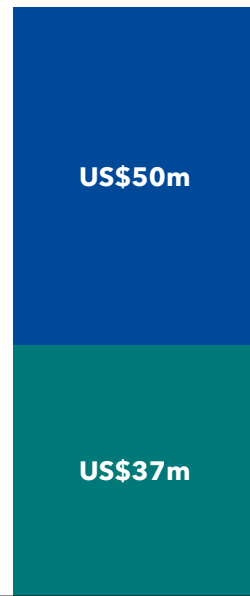
Fully Funding Shareholder Returns and Capital Programs



## Strong Liquidity at 31 December 2022 (US\$m)

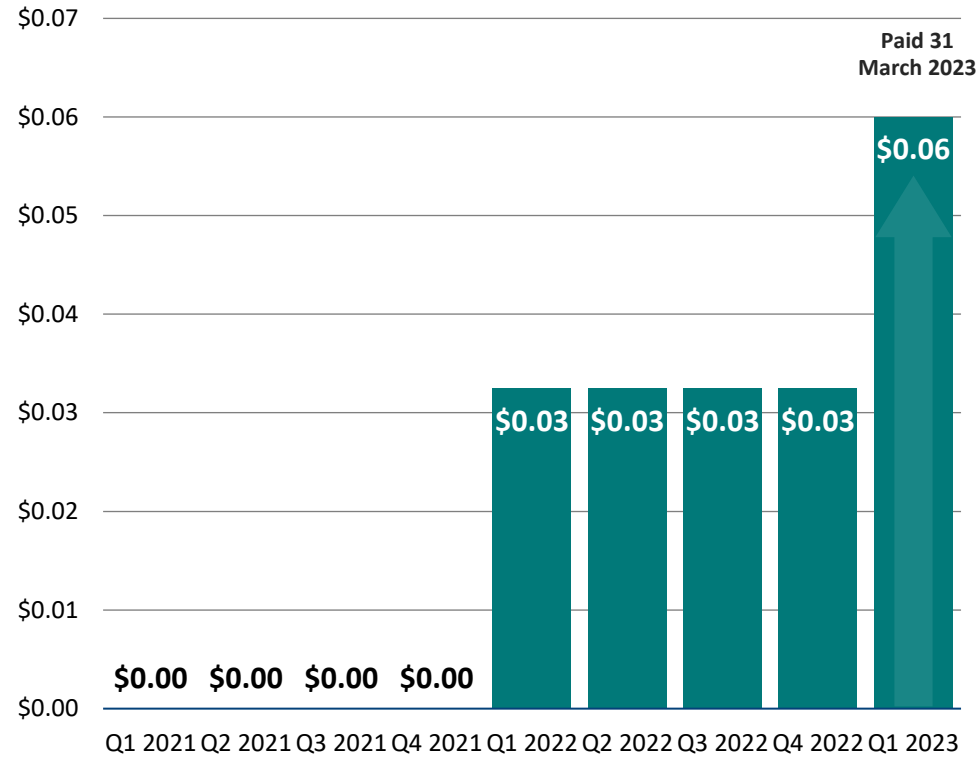
■ Cash and Cash Equivalents ■ RBL Availability

Liquidity US\$87m



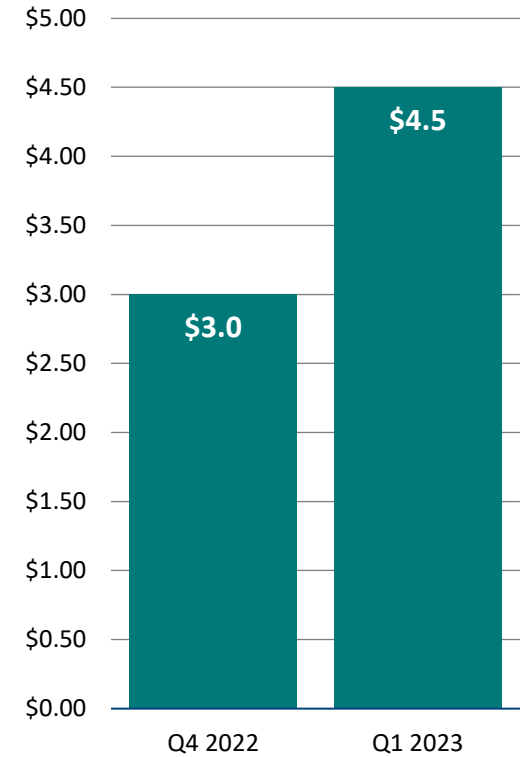
Q4 2022

## Initiated Sustainable Dividend Program (US\$/share)



- > Initiated \$0.0325/share quarterly dividend in Q1 2022
- > Increased dividend in 2023 by 92% to \$0.0625/share quarterly

## Share Buyback Program (US\$m)

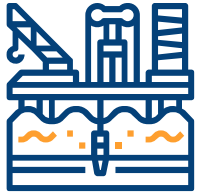


- > VAALCO has ~US\$50m undrawn RBL
- > Fully funded 2022 drilling campaign, FSO/Field reconfiguration capex, paid dividend and share buybacks



# 2021/22 ETAME DRILLING CAMPAIGN

Converting Capital Into Additional Scale and Production



## 2021/2022 Drilling Program

- Successfully drilled, completed and placed on production the first three development wells of the 2021/2022 drilling campaign
  - Successfully placed the Etame 8H-ST development well on production in February 2022, with an initial flow rate of ~5,000 gross BOPD, above internal estimates
  - Successfully placed the Avouma 3H-ST development well on production in April 2022, with an initial flow rate of ~3,100 gross BOPD, above internal estimates
  - Completed the South Tchibala 1HB-ST well in the deeper Dentale D1 zone using a small frac pack in July 2022, with rates of 150 to 200 BOPD, plan to evaluate and recomplete the deeper Dentale D9 zone during the next drilling campaign
- Drilled and completed the ETBNM 2H-ST development well from the SEENT platform
  - Completed and ready to flow in late October, but remained shut in due to other operational factors including the recent workover activity and restarting the field following the FSO/Field reconfiguration
  - The well is naturally flowing with no produced water at ~250 gross BOPD and stable reservoir pressure indicating minimal depletion
- Total capital costs of \$180 million gross or \$114 million net for entire drilling campaign with about \$148 million gross or \$94 million net incurred in 2022



**Adding Material  
Cash Flow in  
2022 and  
Beyond**

# NEW LOWER COST FSO SOLUTION

Relaced FPSO in Q4 2022



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Lower Operating Costs will lead to Increased Margins, Material Additional Free Cash Flow While Also Extending the Economic Field Life and Thereby Increasing Ultimate Resource Recovery

VAALCO and its co-venturers approved a Bareboat Contract and Operating Agreement with World Carrier Offshore Services Corp to replace the existing FPSO with a FSO for 8 years with additional two x 1-year options. In the new field configuration, the FSO will store and offload the production and processing will be completed on the existing platforms.

- › FSO conversion and field reconfiguration completed in October 2022
- › Field reconfiguration activities began in March 2022, as planned
- › The Teli arrived in offshore Gabon in early August

## **This approach has significant advantages:**

- › Greatly reduces storage and offloading costs
- › Increases the effective capacity for storage by over 50%
- › Extended the economic field life at Etame, resulting in increased recovery and reserves
- › Projected to save ~\$13 to \$16 million net annually to VAALCO in operational costs through 2030



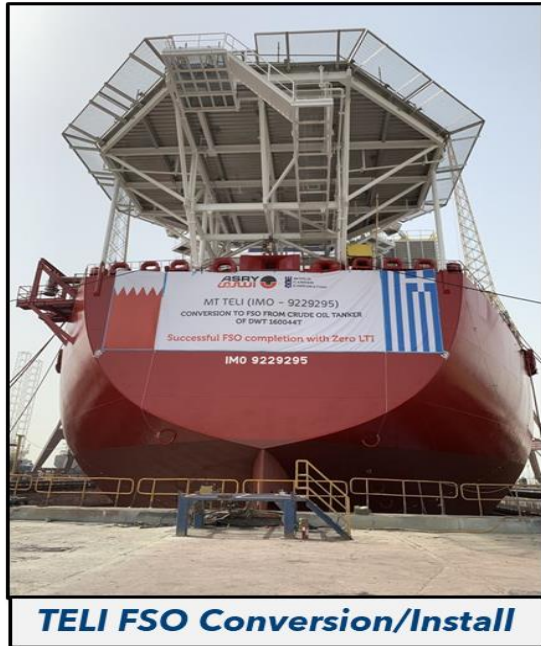


# FSO/FIELD RECONFIGURATION

Significant Operational Accomplishment



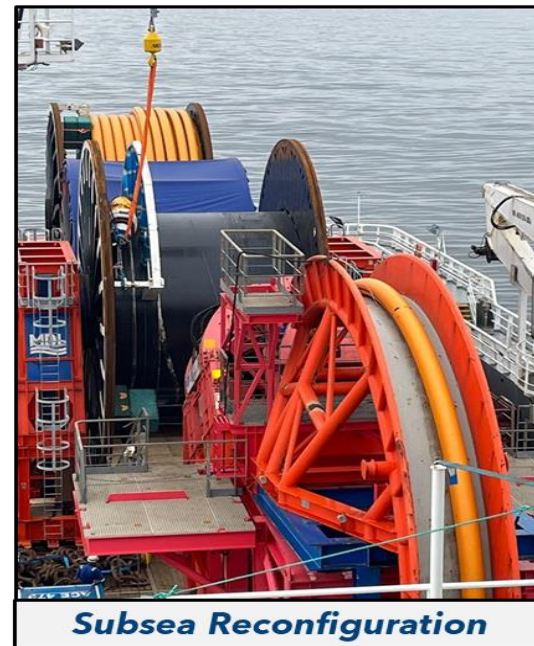
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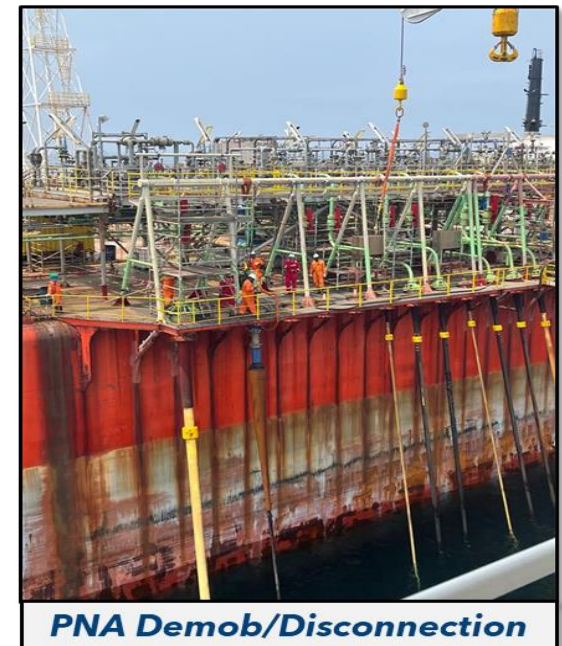
**TELI FSO Conversion/Install**



**ETAME Platform Expansion**



**Subsea Reconfiguration**

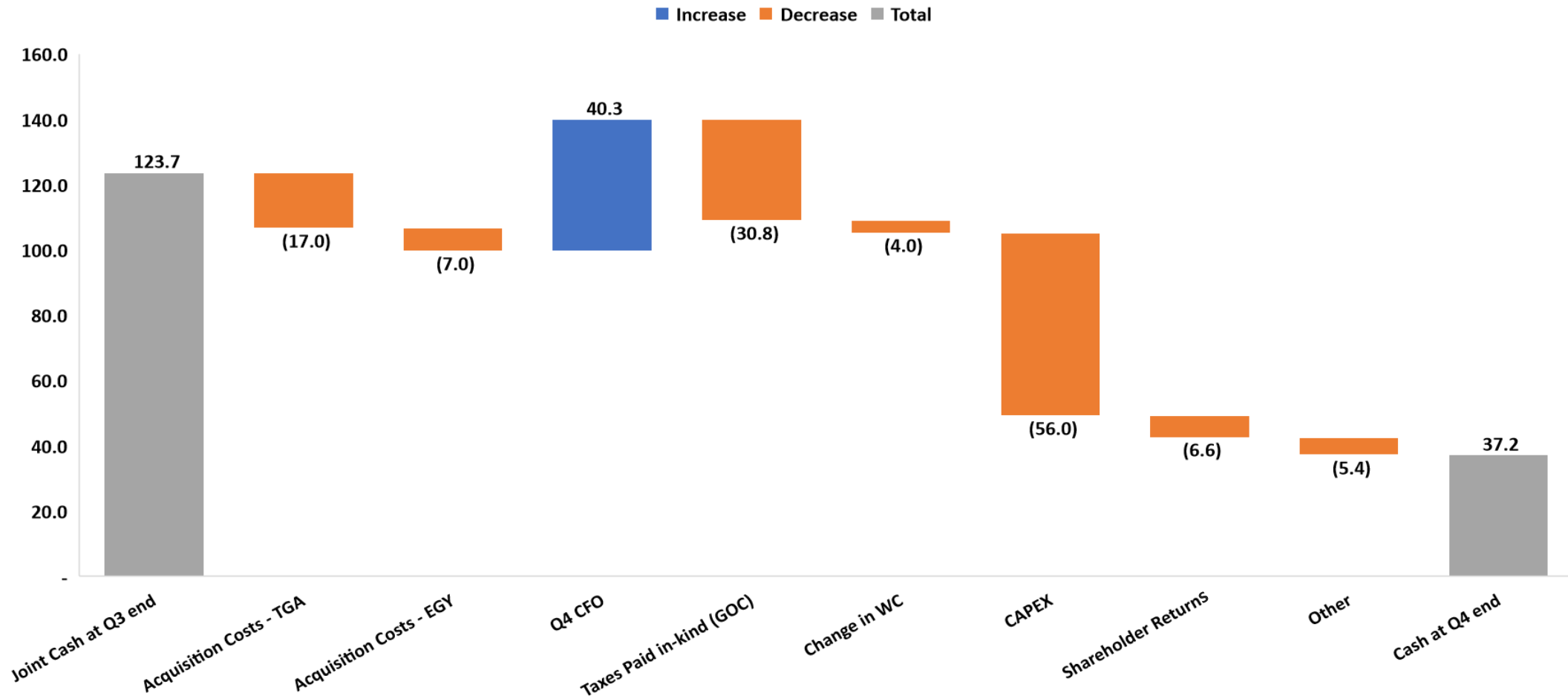


**PNA Demob/Disconnection**



**Safe Execution While Maximizing Uptime with 485,256 Manhours, 631 Persons Offshore, 16 Boats in the Field**

# Q4 CASH FLOW WATERFALL



**Acquisition Costs including TGA Debt Repayment, Annual State Tax Lifting, Capex and Shareholder Returns Were the Main Drivers of Cash Changes in Q4 2022**

# 2023 FULL YEAR GUIDANCE

(As of March 31, 2023)



		FY 2023	Gabon	Egypt	Canada
Production (BOEPD)	WI <sup>(1)</sup> NRI <sup>(1)</sup>	20,400 – 24,400 15,300 – 18,600	8,500 – 10,300 7,400 – 9,000	9,700 – 11,500 6,000 – 7,300	2,200 – 2,600 1,900 – 2,300
Sales Volume (BOEPD)	WI <sup>(1)</sup> NRI <sup>(1)</sup>	20,400 – 24,400 15,300 – 18,600	8,500 – 10,300 7,400 – 9,000	9,700 – 11,500 6,000 – 7,300	2,200 – 2,600 1,900 – 2,300
Production Expense <sup>(2)</sup>	WI <sup>(1)</sup>	\$135.5 - \$157.0 MM			
Production Expense per BOE <sup>(2)</sup>	WI <sup>(1)</sup>	\$16.00 - \$20.00	\$20.00 - \$25.00	\$13.50 - \$18.00	\$8.50 - \$11.50
Offshore Workovers	WI <sup>(1)</sup> & NRI <sup>(1)</sup>	\$1 - \$10 MM			
Cash G&A <sup>(3)</sup>	WI <sup>(1)</sup> & NRI <sup>(1)</sup>	\$15.0 - \$20.0 MM			
CAPEX	WI <sup>(1)</sup> & NRI <sup>(1)</sup>	\$70 - \$90 MM			

1) WI is Working interest to VAALCO and NRI is net of royalties

2) Excludes offshore workover expense and stock-based compensation

3) Excludes stock-based compensation

\* Note: There could be Purchase Price Adjustments for Working Capital on Fair Valuation of the TGA balance sheet and/or impacts in Expense for Stock Based Compensation as a result of PPA



# 2023 Q1 GUIDANCE

(As of March 31, 2023)



		Q1 2023	Gabon	Egypt	Canada
Production (BOEPD)	WI <sup>(1)</sup>	22,500 – 23,800	10,000 – 10,500	9,900 – 10,500	2,600 – 2,800
	NRI <sup>(1)</sup>	17,300 – 18,600	8,700 – 9,100	6,400 – 7,100	2,200 – 2,400
Sales Volume (BOEPD)	WI <sup>(1)</sup>	21,400 – 22,500	5,700 – 6,100	9,200 – 9,700	2,600 – 2,800
	NRI <sup>(1)</sup>	12,900 – 14,100	4,900 – 5,300	5,800 – 6,400	2,200 – 2,400
Production Expense <sup>(2)</sup>	WI <sup>(1)</sup>	\$28.0 - \$34.0 MM			
Production Expense per BOE <sup>(2)</sup>	WI <sup>(1)</sup>	\$17.50 - \$21.00	\$25.00 - \$32.50	\$14.50 - \$17.50	\$8.50 - \$10.50
Offshore Workovers	WI <sup>(1)</sup> & NRI <sup>(1)</sup>	\$0 - \$1 MM			
Cash G&A <sup>(3)</sup>	WI <sup>(1)</sup> & NRI <sup>(1)</sup>	\$3.5 - \$5.5 MM			
CAPEX	WI <sup>(1)</sup> & NRI <sup>(1)</sup>	\$25 - \$35 MM			

1) WI is Working interest to VAALCO and NRI is net of royalties

2) Excludes offshore workover expense and stock-based compensation

3) Excludes stock-based compensation

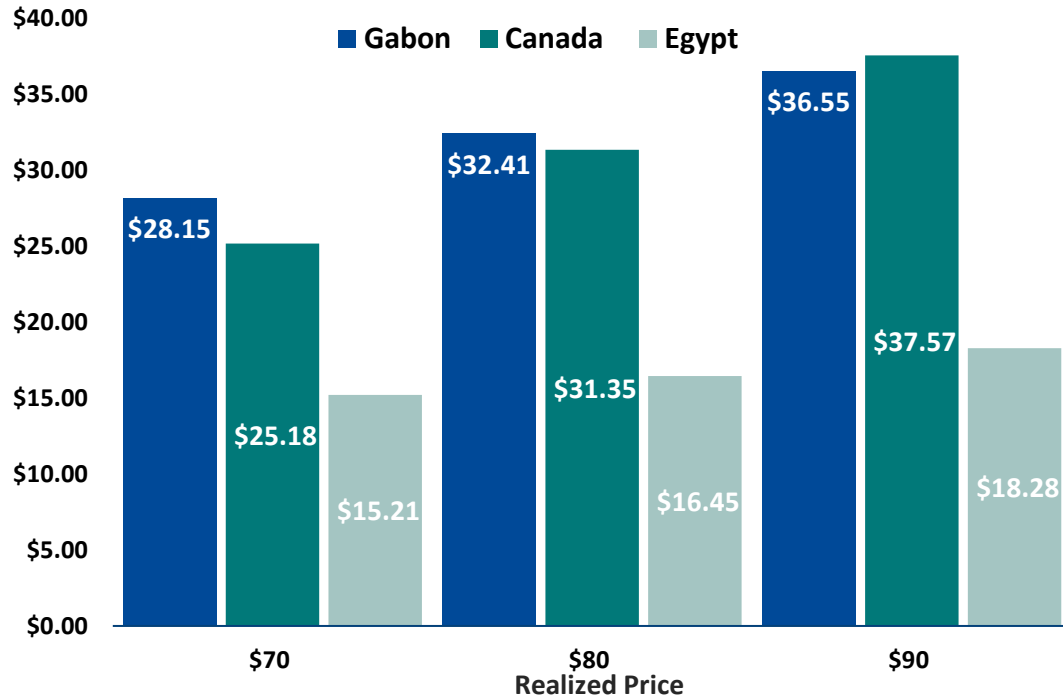
\* Note: There could be Purchase Price Adjustments for Working Capital on Fair Valuation of the TGA balance sheet and/or impacts in Expense for Stock Based Compensation as a result of PPA

# 2023 NETBACKS AT DIFFERENT PRICE SCENARIOS

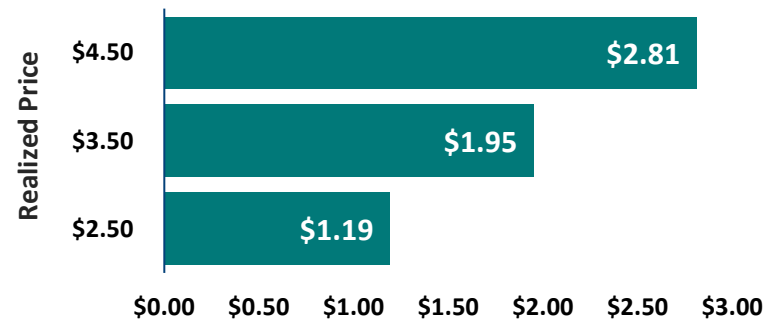


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### Liquids \$/BBL Netback by Area



### Natural Gas \$/MCF Netback (Canada)

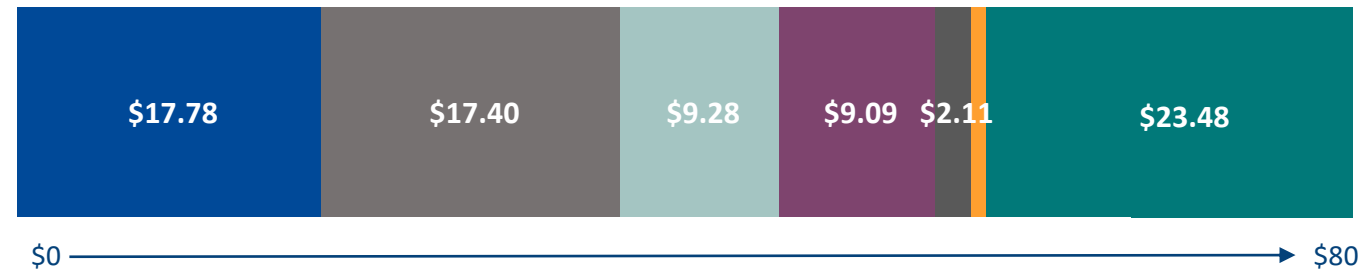


### Total Company Blended Netback on Working Interest Basis

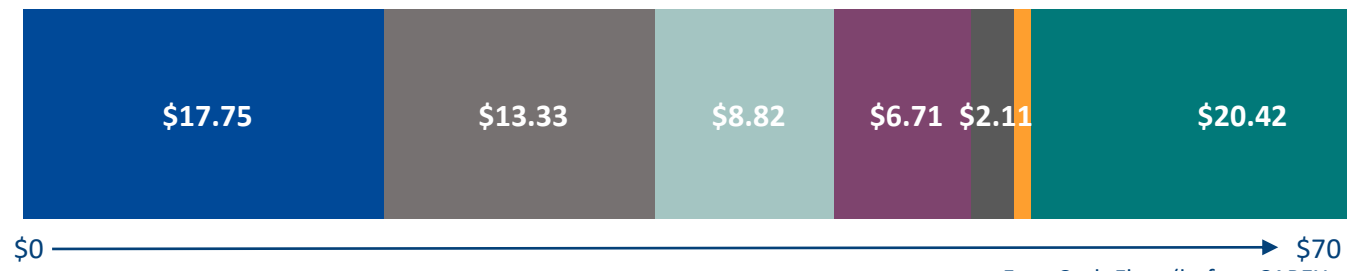
#### FY2023 Margins at \$90 Realized Oil and Midpoint of Guidance



#### FY2023 Margins at \$80 Realized Oil and Midpoint of Guidance



#### FY2023 Margins at \$70 Realized Oil and Midpoint of Guidance



■ OPEX 
 ■ Royalty 
 ■ Differential 
 ■ Tax 
 ■ G&A 
 ■ Other 
 ■ Free Cash Flow (before CAPEX and prior to working capital changes)



VAALCO ENERGY, INC.

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