

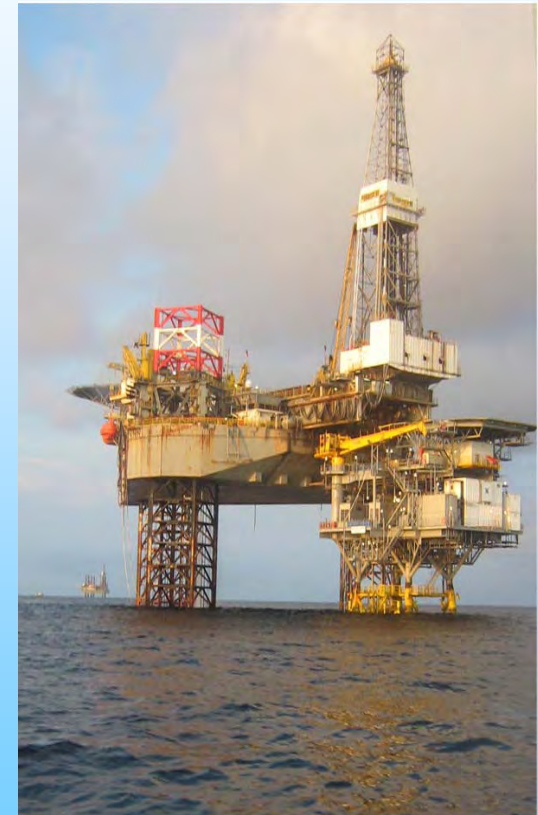


VAALCO Energy, Inc.

**Pritchard Capital Energize 2012
San Francisco**

January 4, 2012

**Robert L. Gerry
Chairman and Chief Executive Officer**





Robert L. Gerry III
Chairman and
Chief Executive Officer

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Safe Harbor Statement

This presentation includes “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, including without limitation, business strategies, plans and objectives of management of VAALCO for future operations, and capital expenditures, are forward-looking statements. There can be no assurances that such forward-looking statements will prove to be correct. Important factors that could cause actual results to differ materially from the forward-looking statements and projections include inflation, availability of goods, services and capital, environmental risks, drilling risks, volatility of commodity prices, operational risks, foreign governmental risks and regulatory changes.

The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions at oil and gas prices in effect at the time of the estimate, without future escalation. We include in this presentation estimates of gross reserve potential that the SEC’s guidelines strictly prohibit us from including in filings with the SEC. Investors are urged to consider closely the disclosure in our Form 10-K, available from the SEC at www.sec.gov.

Company Profile



Resources and Market Data

Ticker (NYSE)	EGY
Employees - worldwide	90
*Market Capitalization (\$MM)	\$330
Management Ownership	6%
*52 Week Price Range	\$4.57 - \$8.40
Average Daily Volume (last 90 days)	700,000

Key Financial Data (\$MM)

	9 MO 2011	2010	2009
Revenue	\$143	\$134	\$115
Net Income	\$30.0	\$37.3	\$(7.9)
Capex	\$24	\$40	\$56
Cash (incl. escrow)	\$124	\$97	\$97
Debt	-	-	-
Shares (Diluted - millions)	57.9	57.0	57.4
EPS (Diluted - per share)	\$0.44	\$0.65	\$(0.14)

*As of 12/20/2011

Reserve Data as of 12/31

	2010	2009
Proved & Probable Reserves (MBOE)	11,674	12,940
Proved Reserves (MBOE)	6,918	7,363
Proved Developed Reserves (MBOE)	5,025	4,795
Proved Developed (%)	73%	65%
Percent Oil	99%	99%

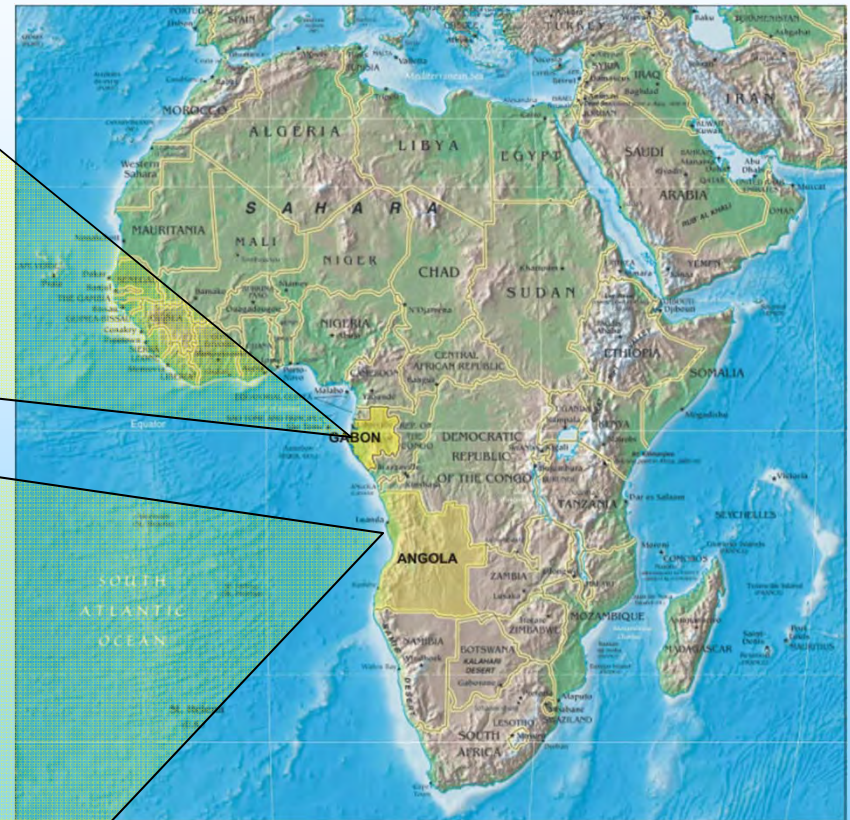
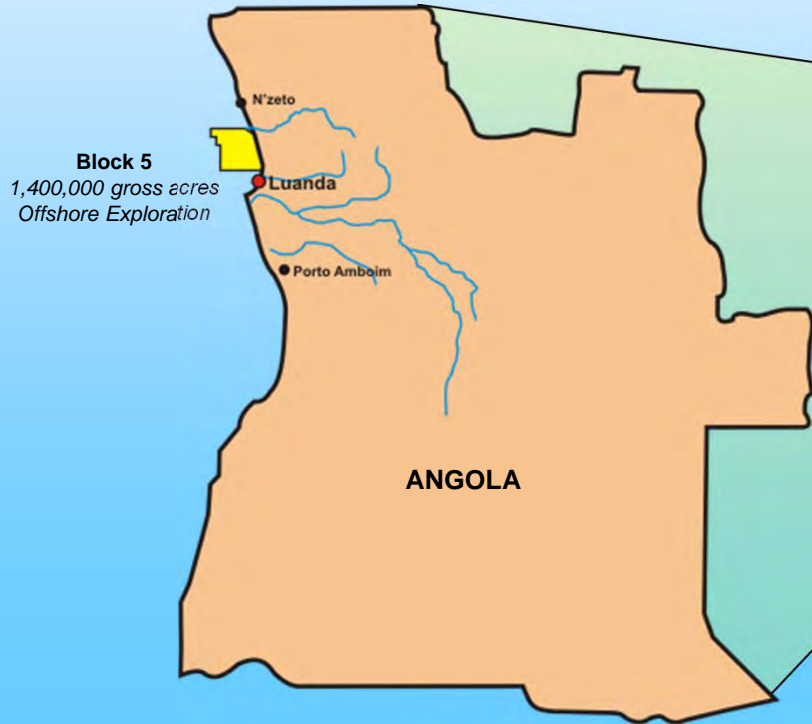
Current Production

Daily Production (BOED):	
Gross / VAALCO Net (after royalty)	22,000 / 5,200
Operated Production Percentage	100%

Acreage

Acres held (gross/net) in millions	2.4 / 1.1
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West Africa Focus

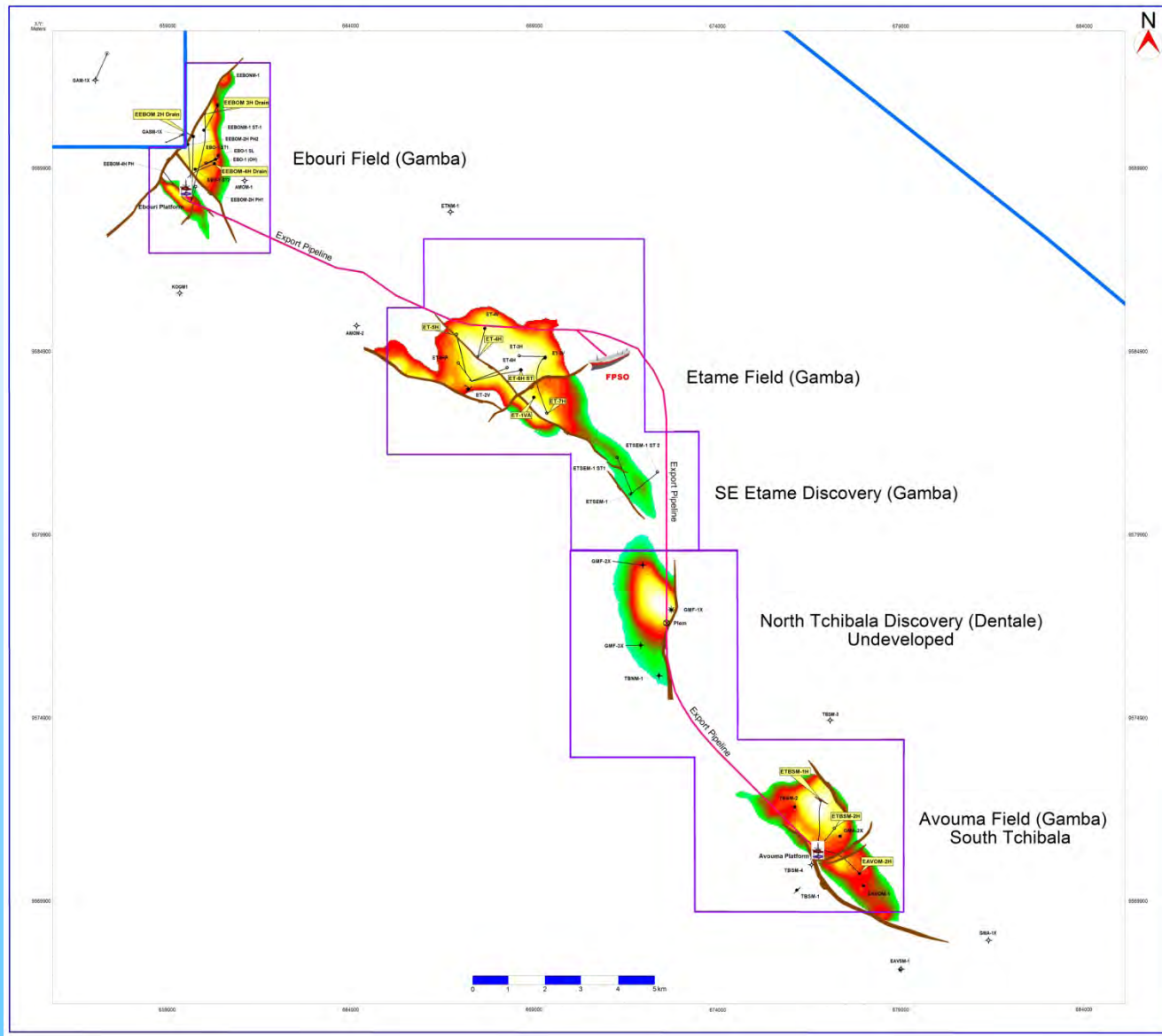


Offshore Gabon: Etame Marin Permit



- VAALCO is the Operator with a 28.1% net W.I, in partnership with the Sinopec group (Addax), Sasol, Tullow, Sojitz and PetroEnergy
- Production from three fields, all connected to an FPSO facility
- Ten wells currently producing
- Oil production currently averaging approximately 22,000 bopd gross (5,200 bopd net to VAALCO after royalty)
- At least three development wells and one workover planned for 2012
- Platform modifications underway and planning for new platforms
- Future exploration opportunities

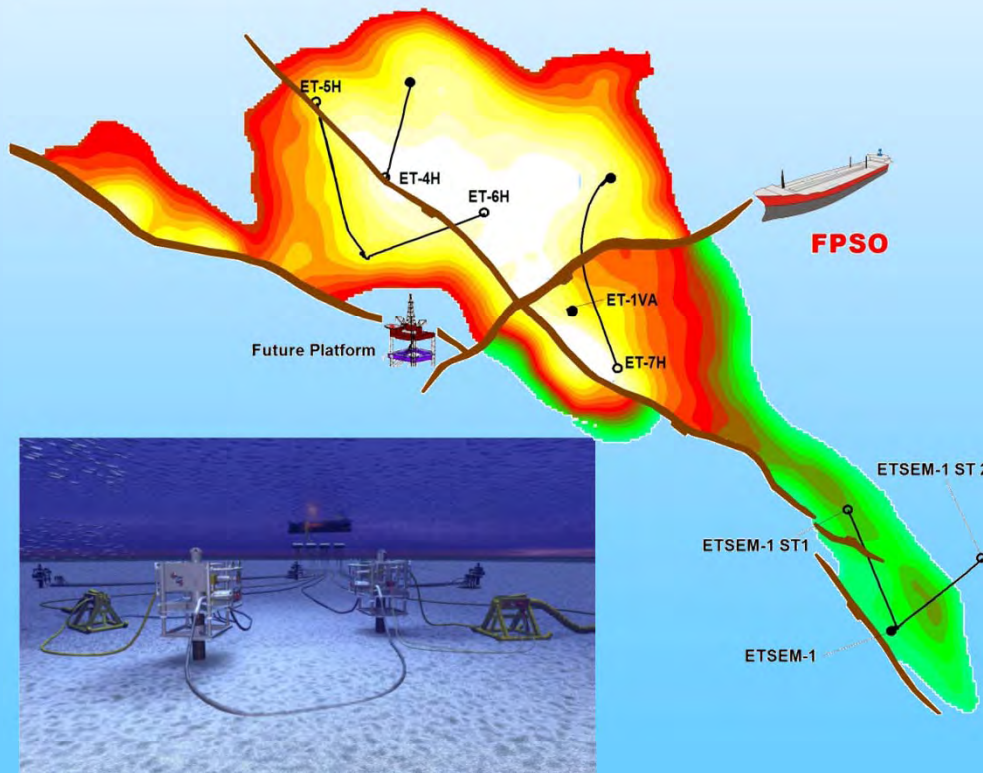
Offshore Gabon: Etame Complex



Offshore Gabon: Etame Field



- Initial discovery made in 1998
- Field declared commercial in 2011; largest of the four fields
- First oil production September 2002
- Production is from five wells with subsea completions
- Current production is approximately 9,500 bopd gross
- Partners recently agreed to installing additional multi-slot platform. Will provide more efficient drainage of reservoir and increase proved reserves
- Expected completion in 2014

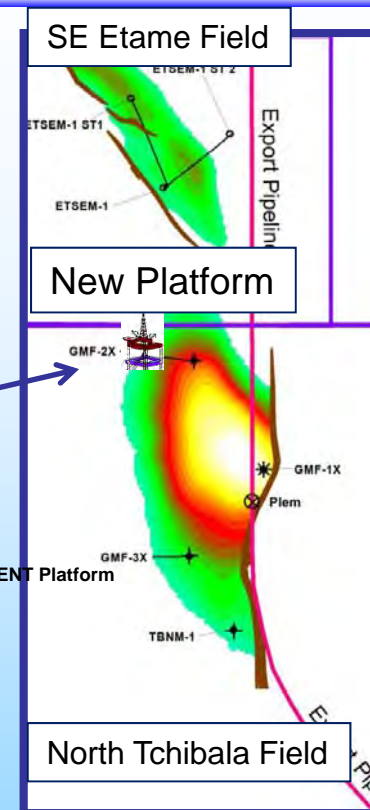
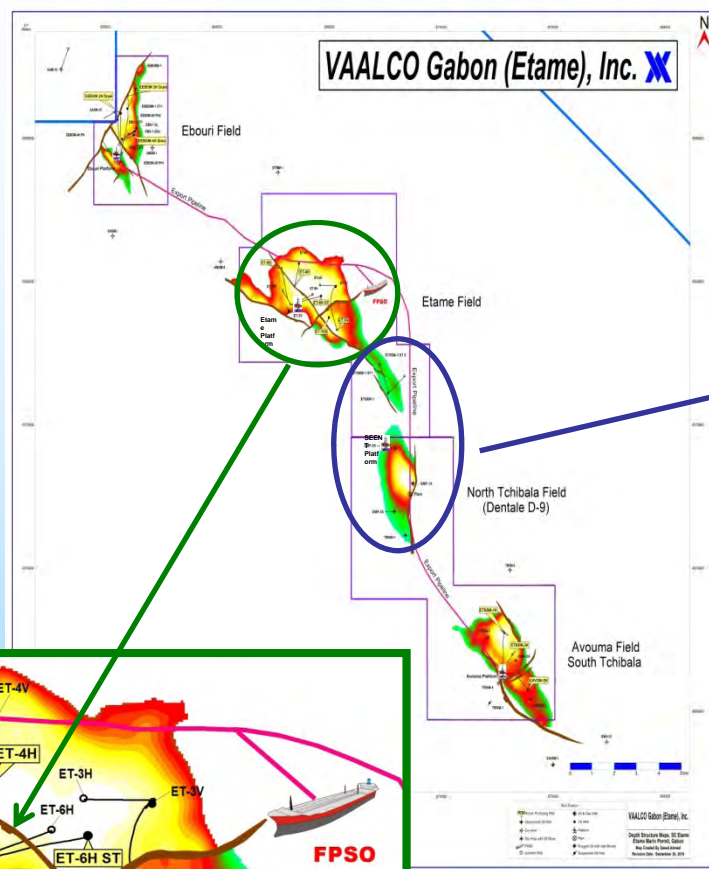
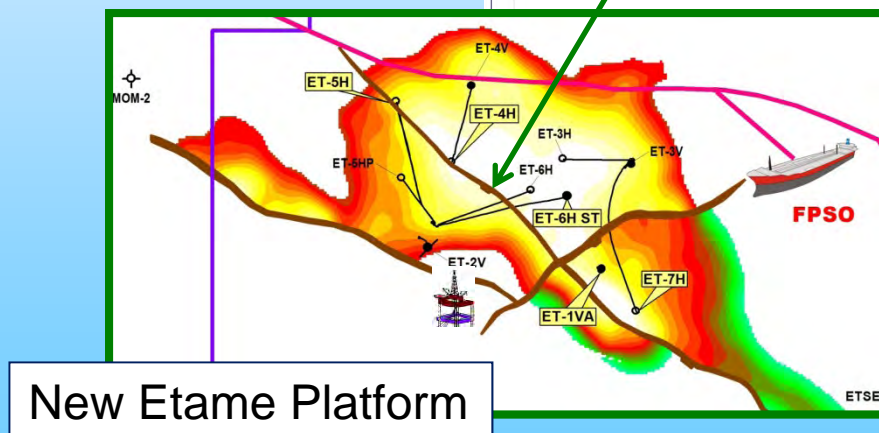




Offshore Gabon: New Platform Construction

New Etame Platform

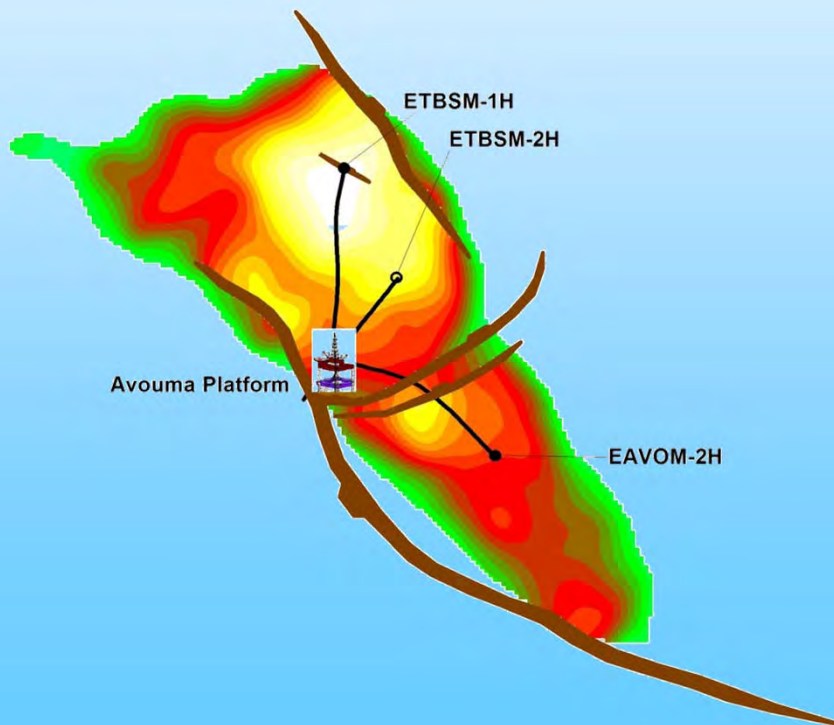
- Agreement by partners to enter detailed engineering phase
- Up to 5 new well slots
- Incremental reserves >10 mmbbls gross
- Positive economics NPV(10) > \$50 mm gross
- First Oil 2014
- Project sanction 1H of 2012



New SE Etame/N. Tchibala Platform

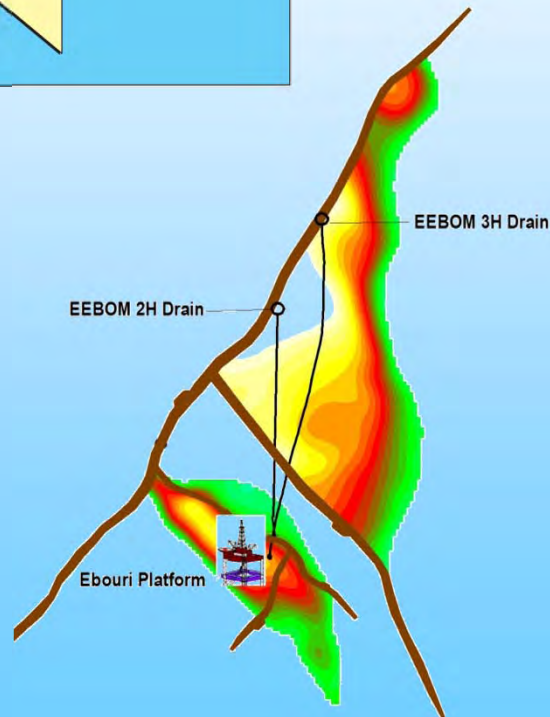
- Completing PreFEED studies
- Objective to commercialize SE Etame discovery and N. Tchibala reservoirs
- N. Tchibala wells tested oil and gas
- Potential incremental oil in place – 80 mmbbls
- Long-term fuel gas solution

Offshore Gabon: Avouma & South Tchibala Fields



- Discovery well completed August 2004
- Production commenced in January 2007
- Three wells currently on production
- Current production from fields is approximately 6,000 bopd gross
- Water knock-out facilities are being fabricated and are expected to be operational in first half of 2012
- Recently completed platform modifications to add three additional slots
- At least one development well planned 2H 2012

Offshore Gabon: Ebouri Field



- Discovery well completed January 2004
- Platform installed August 2008
- First production began in January 2009; three wells currently producing from the platform
- Current production is approximately 6,500 bopd gross
- Platform modifications underway to add three new slots
- At least two new development wells planned for 2012
- One development well includes exploratory test of new fault block

Floating Production, Storage and Offloading Facility

FPSO “Petroleo Nautipa”

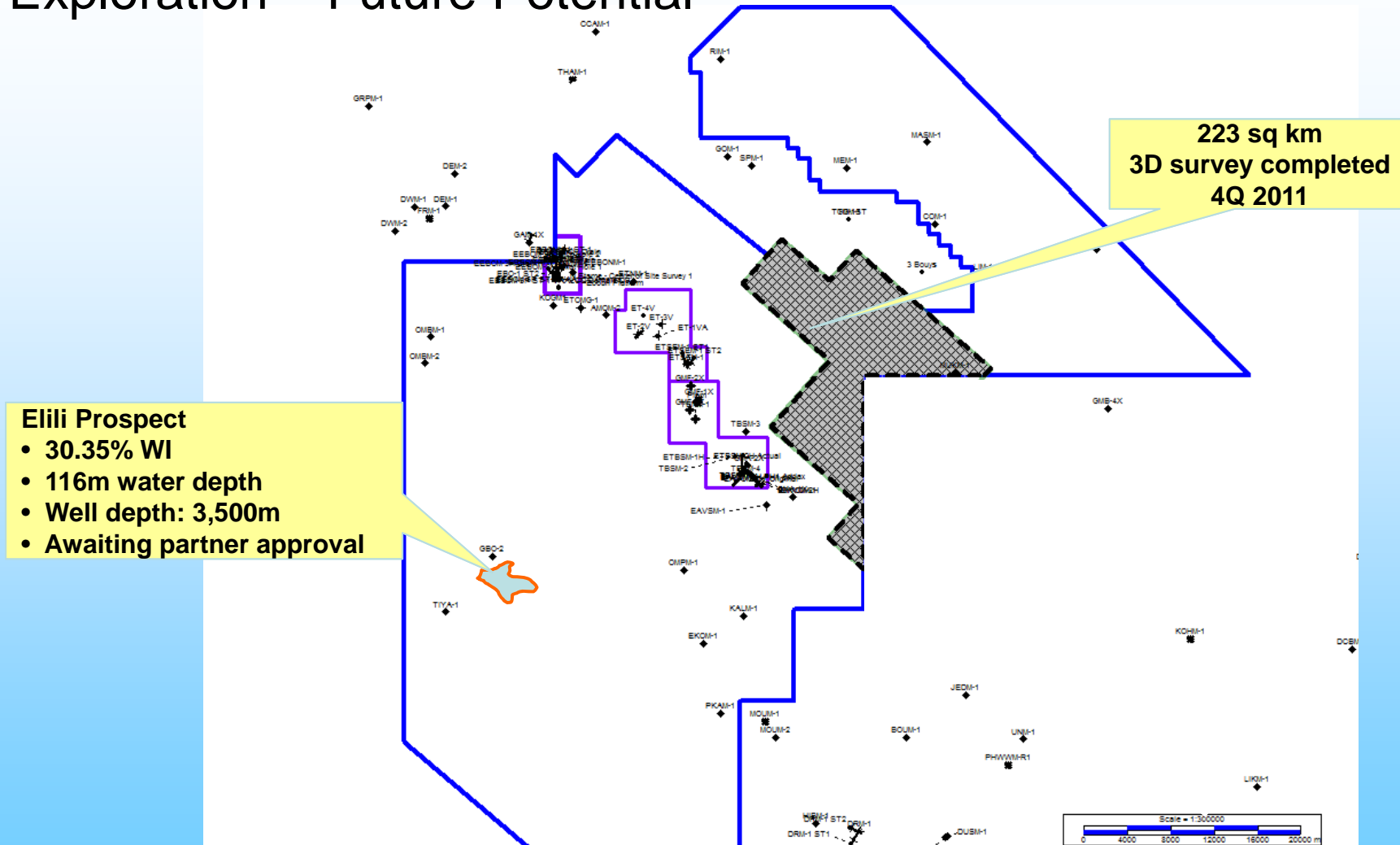


- Operations began 2002
- Long-term contract with Tinworth through 2015
- 1.1 million barrel storage capacity
- Can accept up to 30,000 barrels of total fluids per day
- 25,000 bopd oil processing limit
- 122 liftings through December 1, 2011 totaling 66.0 million barrels
- Zero environmental incidents since inception of operations
- Crude is sold in 2012 to Mercuria Trading NV based on Brent pricing structure

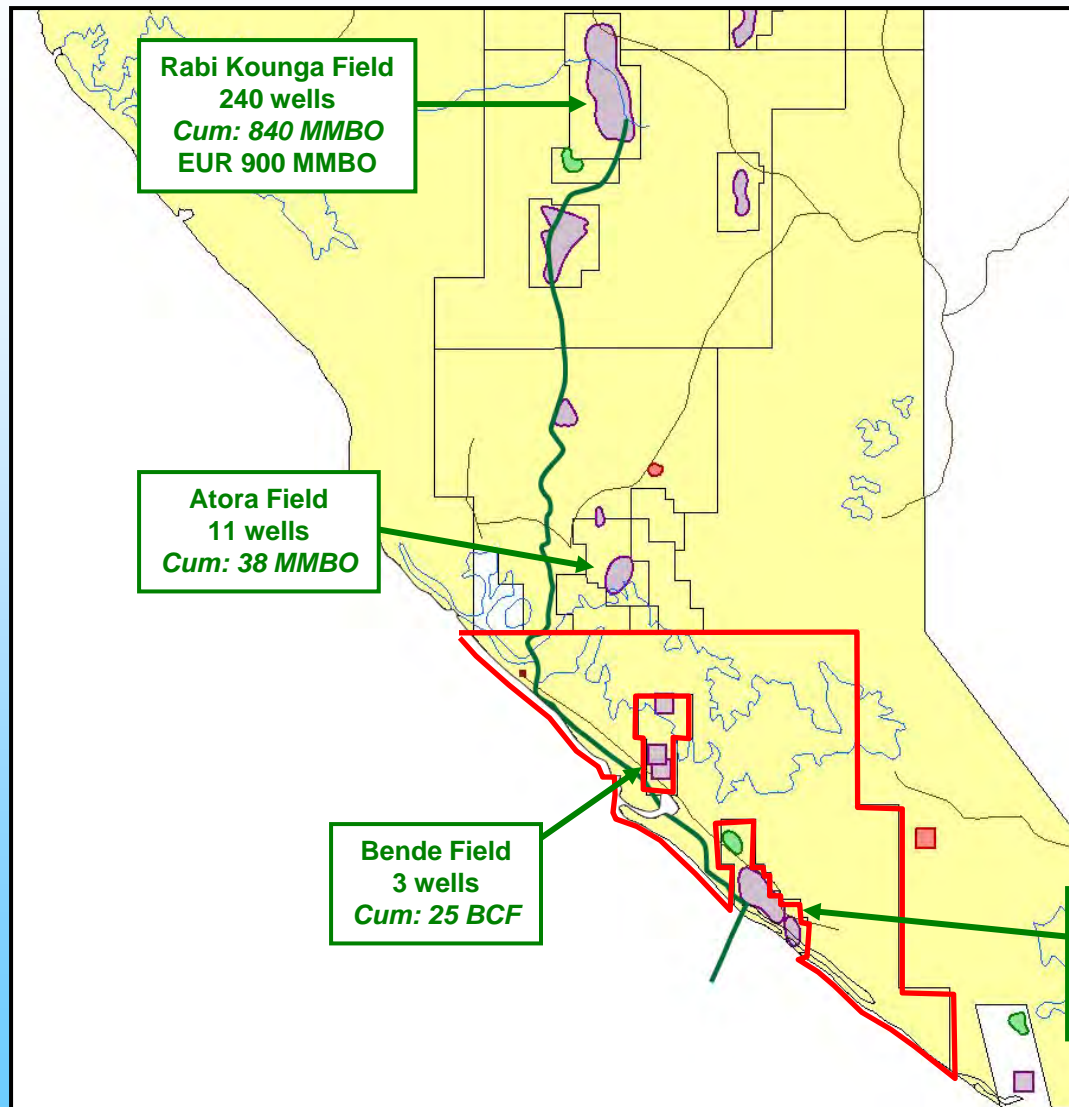
Offshore Gabon: Etame Marin Permit



Exploration – Future Potential



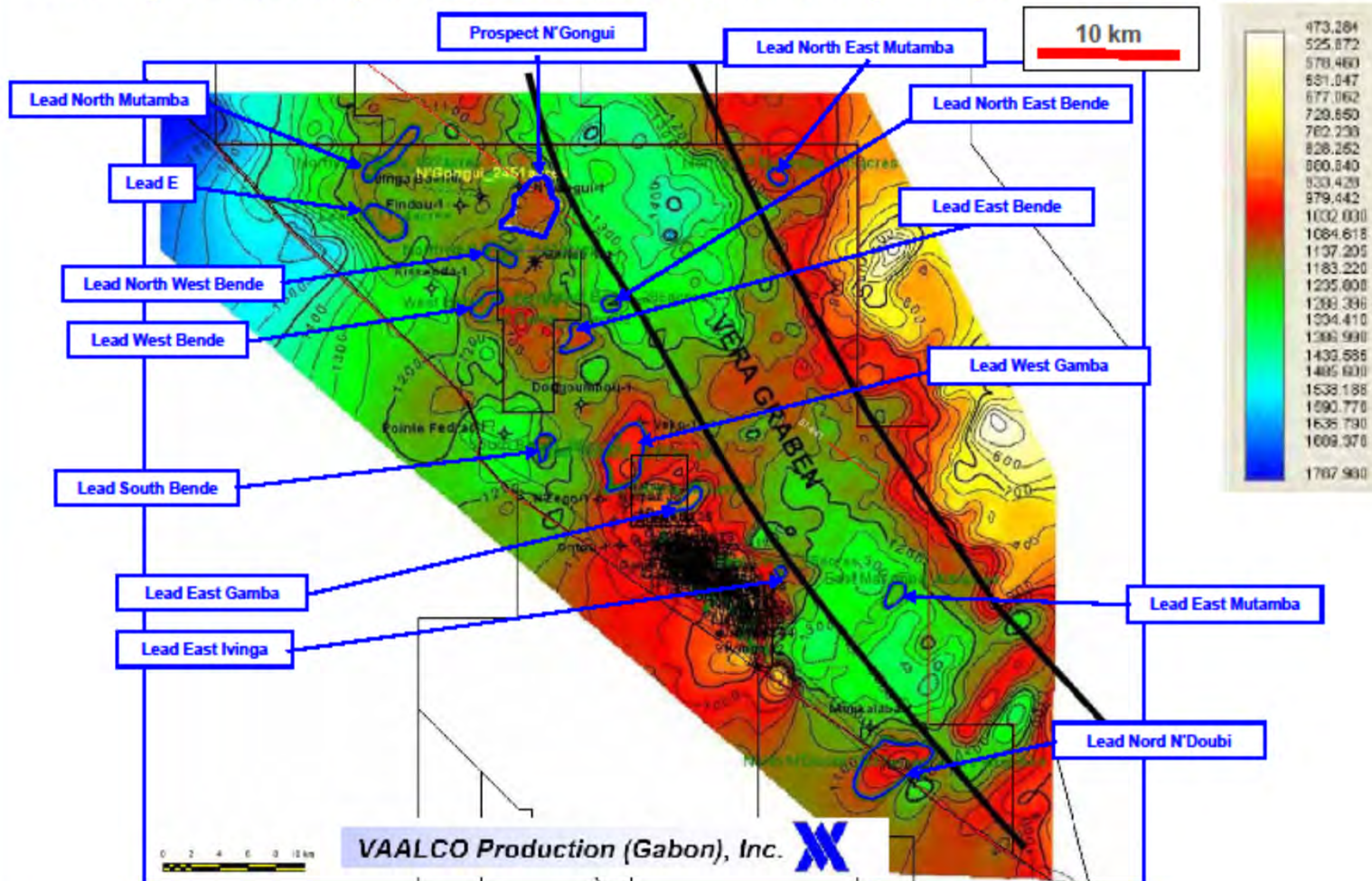
Onshore Gabon: Mutamba Iroru Permit



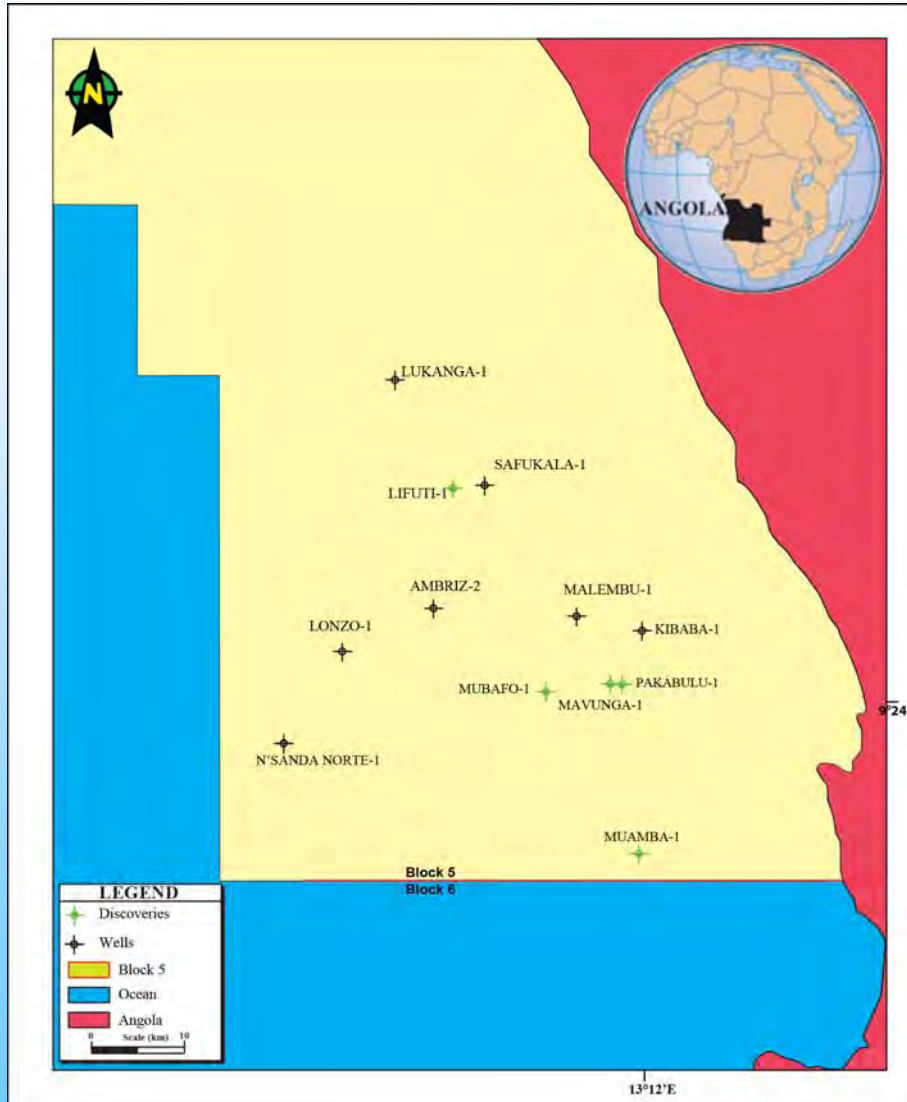
- Permit Area 270,000 acres
- Rabi Pipeline runs within SW edge of permit
- Executed farm-out agreement with TOTAL August 2010; retained 50% gross W.I.
- Currently reprocessing 400 km 2-D seismic in advance of drilling exploration well(s) in mid-2012

(From IHS)

Onshore Gabon: Prospects & Leads

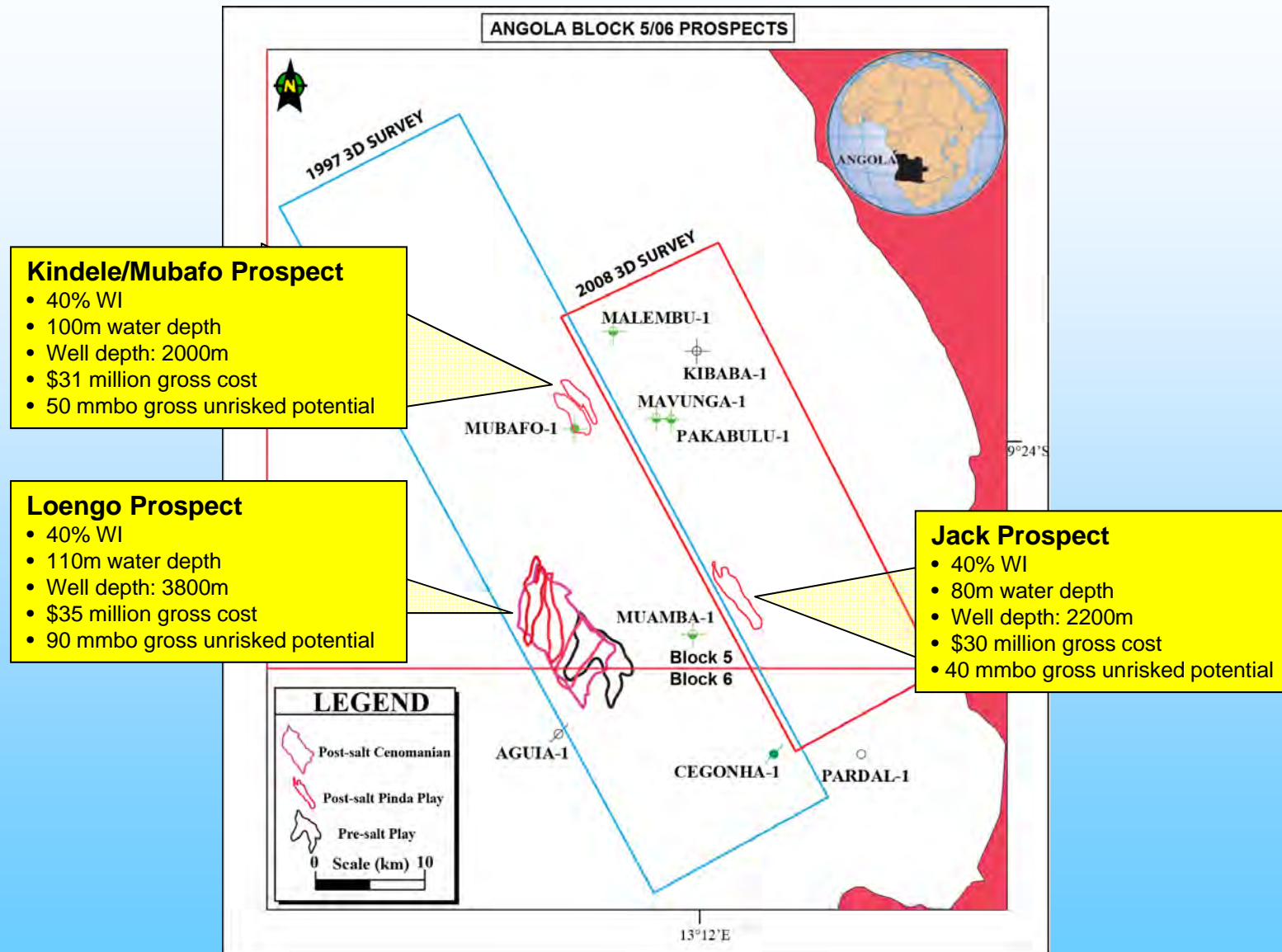


Offshore Angola: Block 5 Exploration

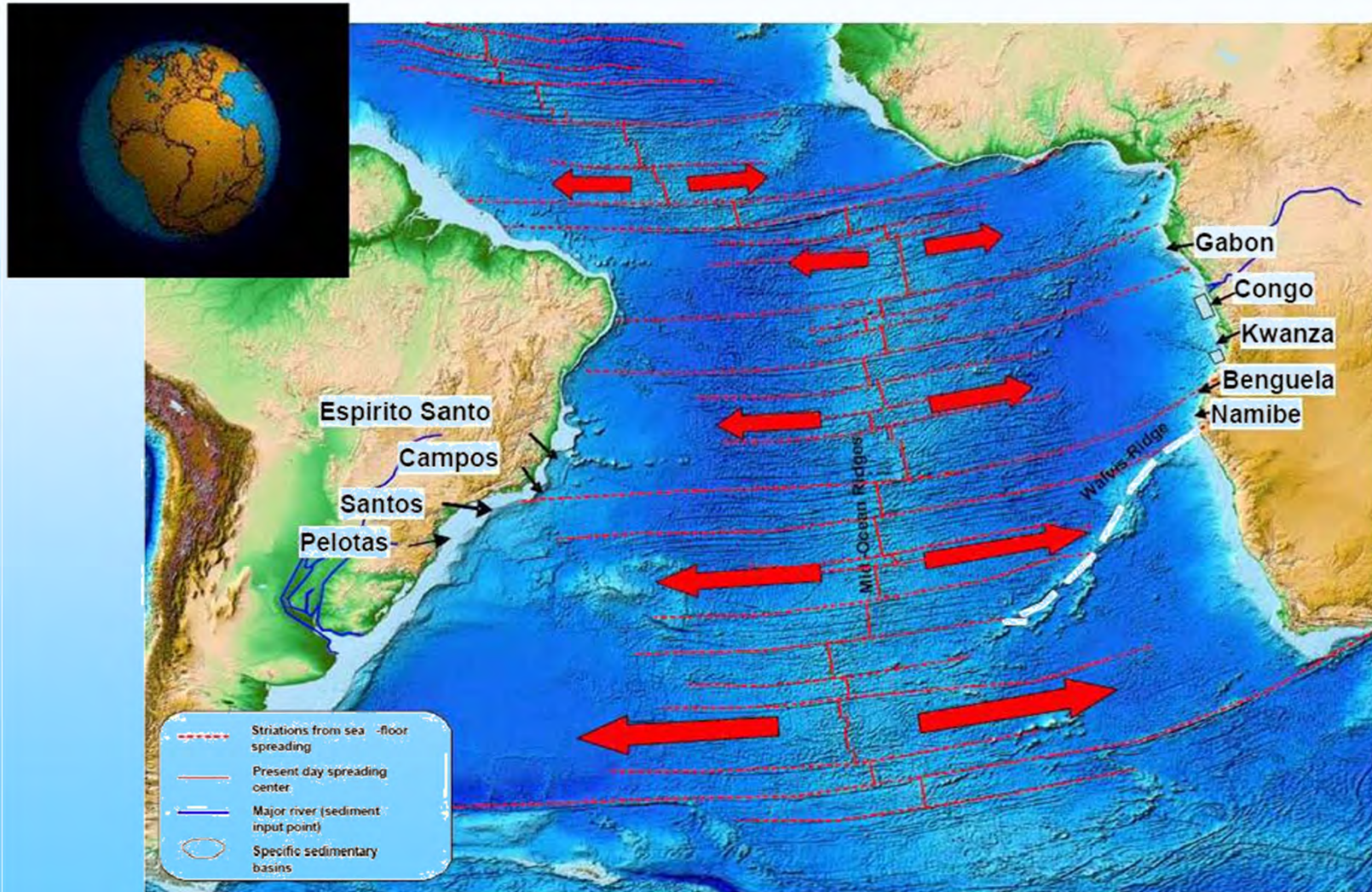


- 1.4 million acre license with water depths from 0-500m in northern part of Kwanza Basin
- VAALCO is Operator with 40% working interest, Sonangol P & P 20% carried interest
Up to 40% working interest currently available
- Potential on-block reserves of 350 MMBO+ over multiple pre- and post-salt prospects and leads
- Block has history of 12 wells drilled by prior operator
 - 6 recorded oil or oil shows
 - 3 were drill stem-tested to produce 29° to 34° API oil at rates of between 700 and 1,100 BOPD
- 1700 sq km of licensed and proprietary 3D

Offshore Angola: Block 5 Primary Prospects



Offshore Angola: Kwanza Basin Analog with Campos Basin



(Courtesy PGS)



Onshore North America: Diversification

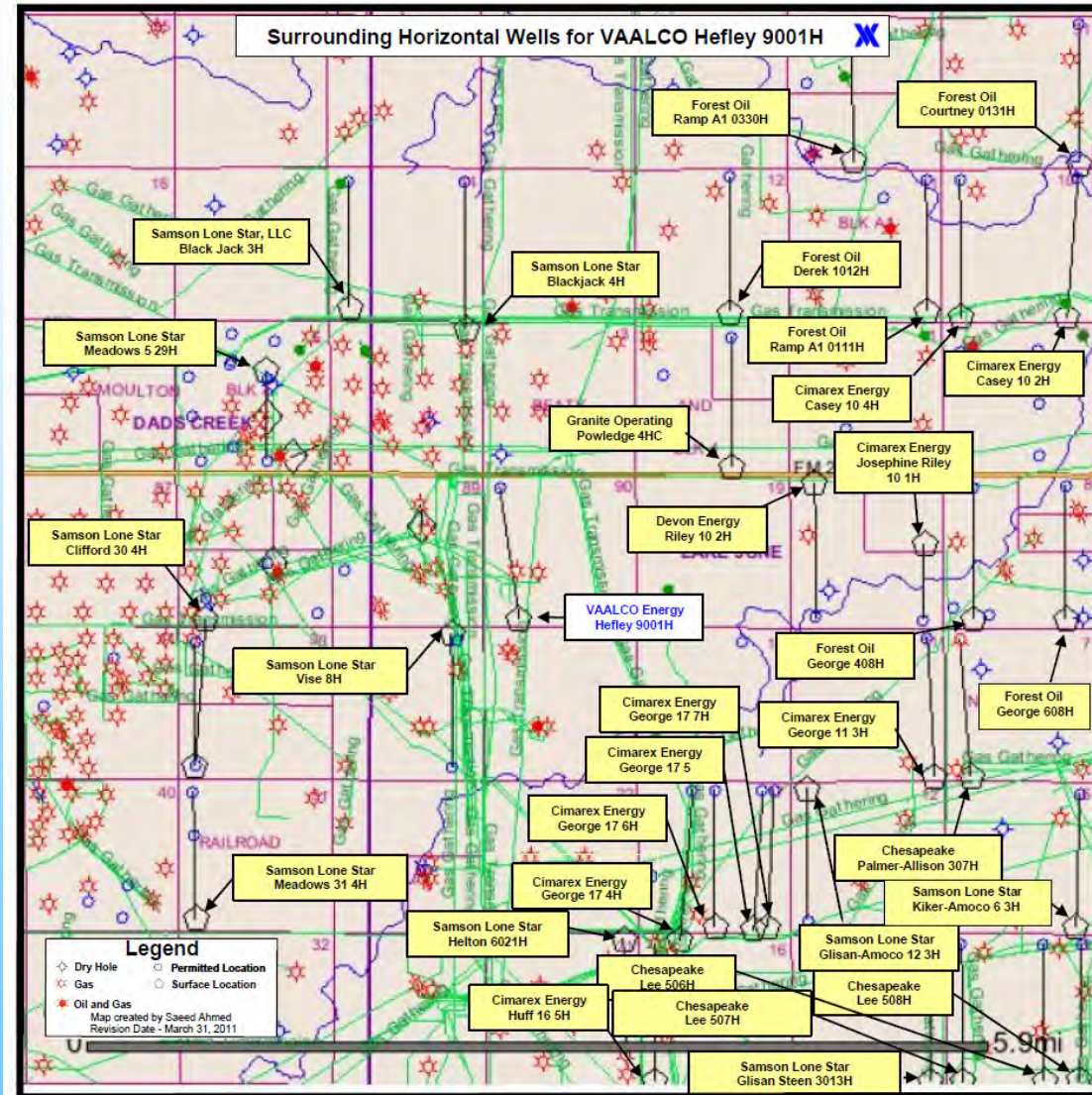
- Strategy: Add new focus area that provide multiple lower risk opportunities to expand reserves and cash flow that balances high potential, higher risk international exploration.
- Parameters:
 - VAALCO operated preferred
 - Near areas of proven success
 - Multiple drilling opportunities
- Target: Oily or liquids-rich non-conventional or shale plays in North America

United States: Granite Wash Formation



- 100% W.I. on 640 acre lease – Hemphill County, Texas; includes new lease acreage recently acquired
- Leases located in prime area of formation; Chesapeake, Samson, Cimarex and Devon all active in the area
- First well completed drilling early July; multi-stage frac completed August 2011
- Cost to drill, frac and complete first well was \$10 million
- Currently producing 2 mmcf/d and 20 – 30 BOPD
- Potential for two to three additional wells on acreage
- Infrastructure for gas and liquid production is available nearby
- Evaluating further opportunities in the formation
- Drilling commenced November 9, 2011 on second location; estimated cost to drill and complete: \$11 million

Granite Wash Hefley 90-01H: Adjacent Operations



United States: Williston Basin/Bakken Shale Focus Area



Acres

- 27,200 gross acres in the Williston Basin (Montana)
 - 22,000 gross (14,300 net) acres in Roosevelt County; 65% W.I.; 80% NRI (East Poplar Dome)
 - 5,200 gross (3,650 net) acres in Sheridan County; 70% W.I.; 80% NRI (Salt Lake Prospect)

Drilling Opportunities

- Targeted Reservoirs:
 - Middle Bakken, Three Forks, Nisku, Duperow, and Red River (Poplar Dome)
- Drilling Unit ~ 640 acres (96 possible wells)
- Drilling Timeline: Up to 6 wells in 2012; 10 wells per year in 2013 and onwards

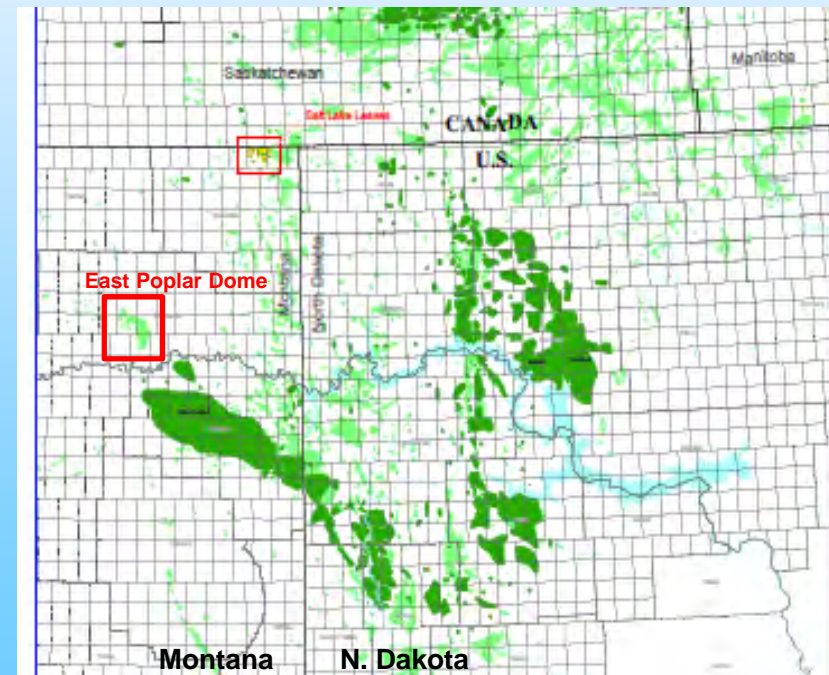
Possible Reserves

- Gross: 11 to 142 MMBBL
- Net to VAALCO: 6 to 75 MMBBL

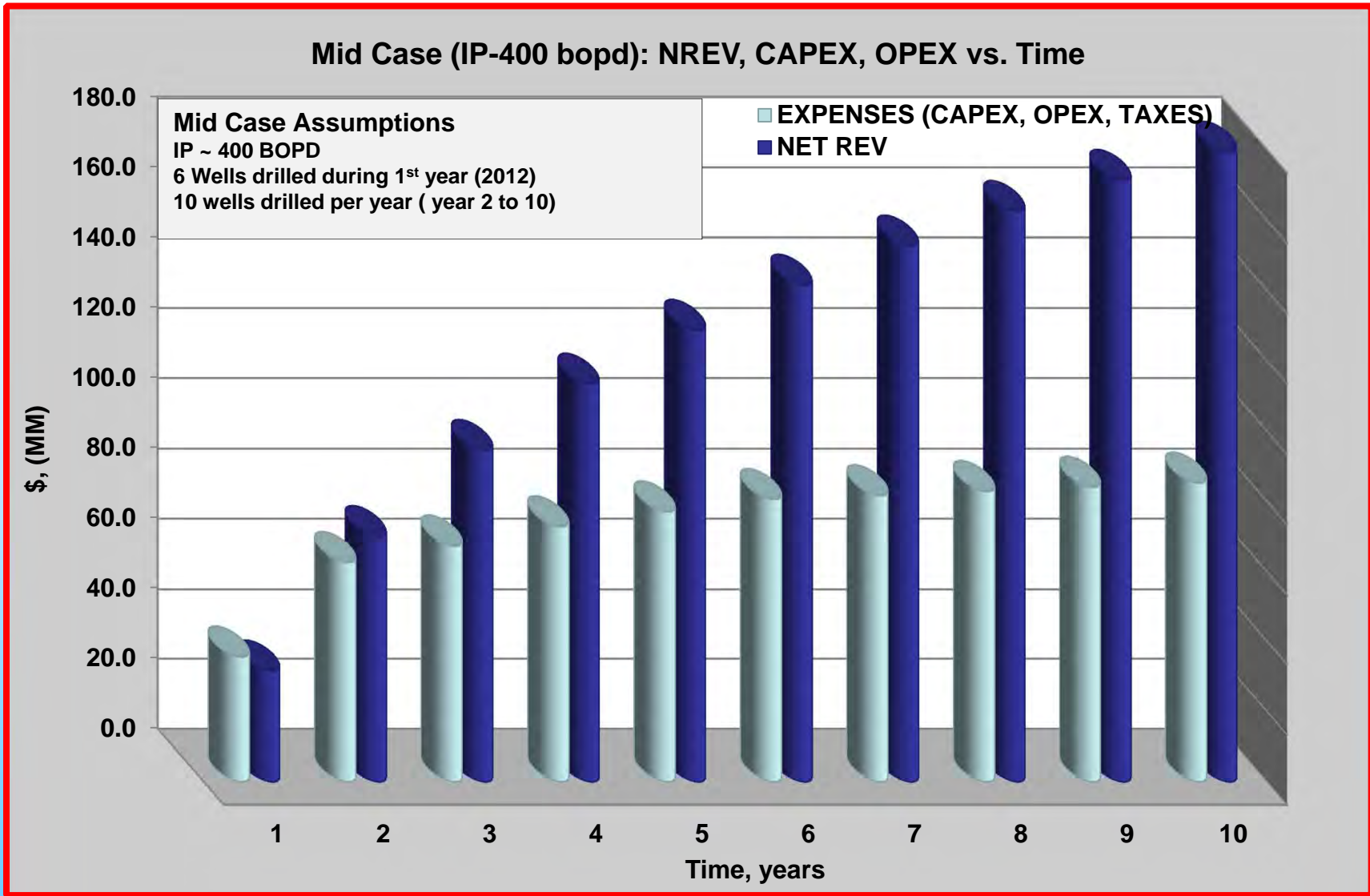
Estimated Gross Recovery: 300 to 400 MMBBL per well

Drilling Cost

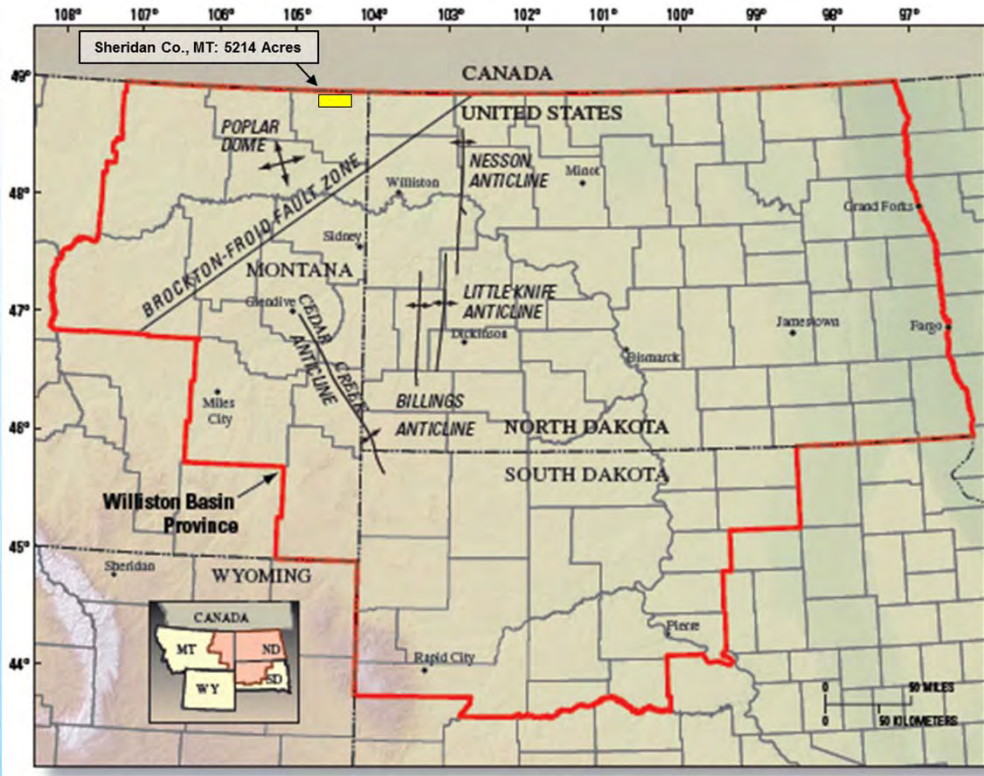
- \$7.5 million gross; \$4.875 million net



Williston Basin Outlook

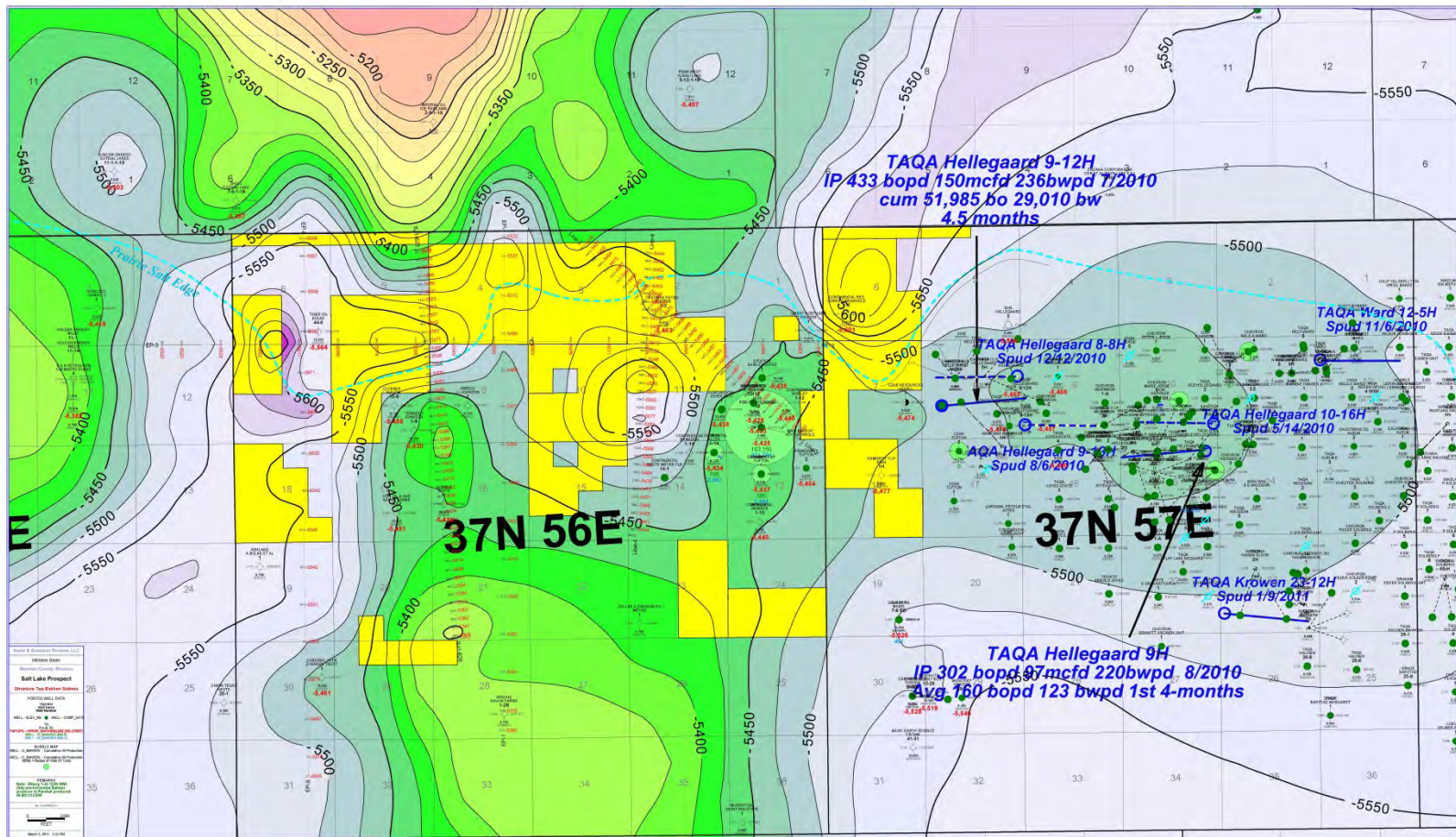


Williston Basin: Salt Lake Prospect

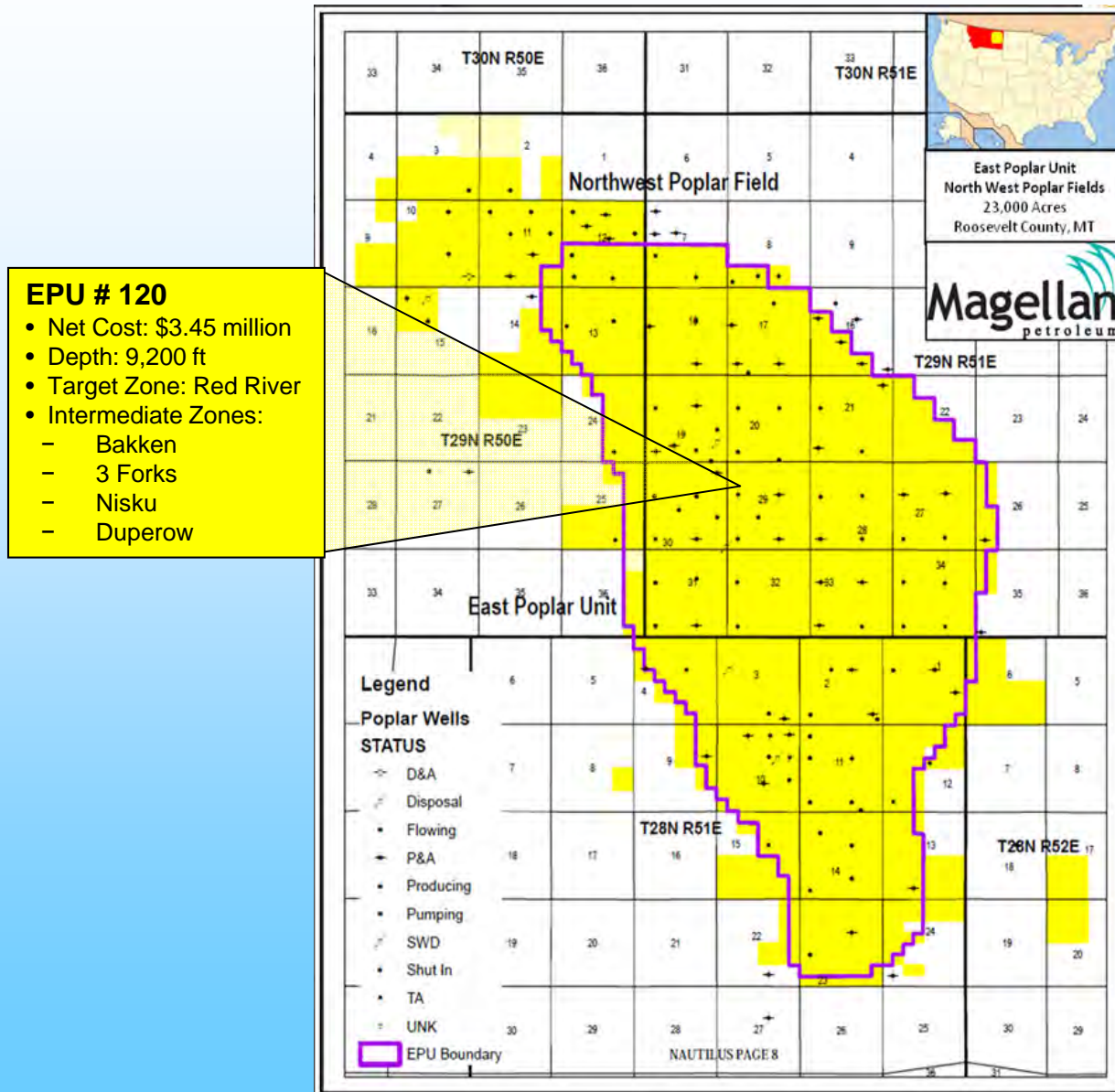


- 5,214 gross acres – Salt Lake Prospect, Sheridan County, Montana
- VAALCO – 70%; 3,650 Net acres
- Middle Bakken formation with Three Forks formation potential
- Approximately 100 million bbls in place associated with acreage
- 5 – 10% recovery factor or approximately 400,000 bbls per well
- 8 wells with spacing at 640 acres; Additional 8 wells if down-spaced to 320 acres
- Direct offset to TAQA's Flat Lake producing field
- Rig available for drilling in Spring 2012

United States: Salt Lake Prospect



United States: East Poplar Dome Unit



- Closed acquisition of 22,000 net acres from Magellan Petroleum in September 2011
- Located in Roosevelt County Montana
- Middle Bakken and deeper formations
- 65% working interest
- Estimated cost to drill, frac and complete: \$5-6 million
- Rig on location to commence drilling first well near year end 2011

2011 Capital Invested



	Gross \$Millions	Net \$Millions
GABON - OFFSHORE		
Exploration		
• N Seismic Acquisition and Processing	\$ 7.3	\$ 2.2
Development		
• Ebouri Platform Modifications	11.5	3.5
• Avouma Platform Modifications	10.0	3.0
• Capital Repairs/Spares	4.7	1.4
• Potential Platform Design Specs. For Potential Platforms	3.7	1.1
• Produced Water Upgrade - Avouma	8.2	2.5
GABON - ONSHORE		
Exploration		
• Mutamba 2-D Seismic Processing	2.5	0.1
• Drill Site Preparation	4.0	1.0
UNITED STATES - ONSHORE		
Texas Granite Wash (2 wells)	20.0	20.0
Montana Bakken (1 well)	7.0	4.9
2011 Acquisitions		9.4
Total	<u>\$ 78.90</u>	<u>\$ 49.1</u>

2012 Capital Budget



	Gross \$Millions	Net \$Millions
GABON - OFFSHORE		
Exploration		
• Ebouri Platform Prospect	\$ 9.4	\$ 2.7
Development		
• Ebouri Development Well 5H	23.6	6.6
• Ebouri Development Well 6H	22.9	6.4
• Ebouri Platform Modifications	2.5	0.7
• Avouma Development Well 2H	27.5	7.7
• Avouma Platform Modifications	9.5	2.7
• FPSO Modifications	9.5	1.0
• New Etame Platform Design/Construction	9.5	3.2
• Other	9.5	4.5
GABON - ONSHORE		
Exploration		
• Mutamba 2-D Seismic Processing	2.0	0.5
• Drill Site Preparation	10.5	2.6
ANGOLA - OFFSHORE		
Exploration		
• Buengo Prospect Pre-drill cost	3.0	1.5
UNITED STATES - ONSHORE		
• Texas Granite Wash (1 well)		
• Montana Williston Basin/Bakken (4 wells + vertical Red River Test well)	9.0	9.0
	29.5	25.9
Total	\$ 180.2	\$ 75.0

Pro-forma Consolidated Balance Sheets



- (amounts in thousands)

	<u>12/31/2010</u>	<u>09/30/2011</u>
Assets		
Cash & cash equivalent	\$ 81,234	\$ 112,575
Restricted cash	14,932	11,886
Accounts receivables	40,660	24,589
Other current assets	2,531	10,731
PP&E, net	96,820	102,500
Other non-current assets	2,223	1,349
Total assets	<u>\$ 238,400</u>	<u>\$ 263,630</u>
Liabilities & owners' equity		
Current liabilities	\$ 26,702	\$ 22,408
Asset Retirement Obligation	15,455	17,175
Shareholders' equity	196,243	224,057
Total liabilities & owners equity	<u>\$ 238,400</u>	<u>\$ 263,630</u>

Pro-forma Income Statements



- (amounts in thousands)

	12 months ended <u>12/31/2010</u>	9 months ended <u>09/30/2011</u>
Revenues	\$ 134,472	\$ 142,669
Operating costs and expenses	<u>(56,349)</u>	<u>(48,997)</u>
Operating Income	\$ 78,123	\$ 93,672
Other expense, net	(476)	1,2354
Income tax expense	<u>(35,260)</u>	<u>(65,046)</u>
Net Income	\$ 42,387	\$ 29,860
Less net income - noncontrolling interest	<u>(5,047)</u>	<u>(4,436)</u>
Net income - VAALCO Energy, Inc.	<u><u>\$ 37,340</u></u>	<u><u>\$ 25,025</u></u>

*September lifting delayed until



VAALCO - Summary

- Stable production profile
 - 99% oil
 - 100% operated
 - Good development opportunities
- Attractive reserve base
 - 99% oil
 - 73% proved developed
- Strong balance sheet
 - No debt
 - 2012 budget expected to be funded with cash flow
- Large acreage inventory in focus area
 - Field development/expansion opportunities
 - High potential prospects
- Growth Strategy
 - Focus on the existing West Africa asset base and acreage positions to fully exploit the potential and expand West Africa footprint
 - Pursue North American opportunities – non-conventional and conventional plays
 - Continue to pursue selective corporate and/or producing property acquisitions with exploration upside