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VAALCO Enters Into Additional Crude Oil Derivative Contracts

HOUSTON, May 11, 2021 (GLOBE NEWSWIRE) -- VAALCO Energy, Inc. (NYSE: EGY; LSE: EGY) ("VAALCO" or the "Company") today announced that it has entered into crude oil commodity swap agreements for a total of 672,533 barrels at a Dated Brent weighted average price of $66.51 per barrel for the period from and including May 2021 through October 2021. These swaps will settle on a monthly basis.

The Company is hedging a majority of its 2021 production volumes to protect cash flows which are expected to be used to fund the 2021/2022 drilling program of up to four wells and the potential Floating Storage and Offloading ("FSO") unit capital upgrade costs if an agreement is executed. The Company entered into similar commodity swap agreements in January 2021. In total, VAALCO now has 70% of its production hedged through October 2021 at a Dated Brent weighted average price of $62.27 per barrel.

George Maxwell, Chief Executive Officer, commented, "We have locked in strong Free Cash Flow over the next six months by capitalizing on the continued strength in crude oil prices. This is particularly important as we are benefitting from the additional volumes associated with the acquisition of Sasol's interest at Etame that closed in late February. With these additional hedges we have materially derisked our work program from a funding standpoint, and expect our capital commitments over the next 12 months to be fully funded through our cash flow and cash on hand. In addition, we have maintained the opportunity for us to benefit from further increases in oil prices since we have not hedged all of our production and the term of these new contracts is for just six months."

About VAALCO

VAALCO, founded in 1985, is a Houston, USA based, independent energy company with production, development and exploration assets in the West African region.

The Company is an established operator within the region, holding a 58.8% working interest in the Etame Marin Block, located offshore Gabon, which to date has produced over 120 million barrels of crude oil and of which the Company is the operator.

For Further Information

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Forward Looking Statements

This document 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 document 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 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, 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, 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 and pending acquisitions, capital expenditures, future drilling plans, 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, drilling risks, foreign regulatory and operational risks, and regulatory changes.

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. 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.

Source: VAALCO Energy, Inc.