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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

**Date of Report (Date of earliest event reported): January 31, 2018**

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**VAALCO Energy, Inc.**  
(Exact name of registrant as specified in its charter)

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Delaware  
(State or other jurisdiction  
of incorporation)

001-32167  
(Commission  
File Number)

76-0274813  
(IRS Employer  
Identification No.)

9800 Richmond Avenue, Suite 700  
Houston, Texas  
(Address of principal executive offices)

77042  
(Zip Code)

Registrant's telephone number, including area code: (713) 623-0801

Not Applicable  
(Former Name or former address if changed since last report.)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 7.01 Regulation FD Disclosure.**

On January 31, 2018, the Company issued a press release announcing fourth quarter and full year 2017 production results. The press release is attached hereto as Exhibit 99.1 to this Current Report on Form 8-K. Additionally, the presentation attached hereto as Exhibit 99.2 has been uploaded to the Company's website at [www.vaalco.com](http://www.vaalco.com).

The information included in this Current Report on Form 8-K under Item 7.01 and Exhibit 99.1 and 99.2 is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to liabilities of that Section, unless the registrant specifically states that the information is to be considered "filed" under the Exchange Act or incorporates it by reference into a filing under the Exchange Act or the Securities Act of 1933, as amended.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

[99.1](#) Press Release, dated January 31, 2018

[99.2](#) Supplemental Presentation, dated January 31, 2018

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**VAALCO Energy, Inc.**  
(Registrant)

Date: February 1, 2018

By: /s/ Elizabeth D. Prochnow  
Name: Elizabeth D. Prochnow  
Title: Controller and Chief Accounting Officer

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**VAALCO ENERGY PROVIDES OPERATIONAL AND FINANCIAL UPDATE AND PRELIMINARY  
2018 PRODUCTION GUIDANCE**

**WITH NO 2018 HEDGES IN PLACE, COMPANY ESTIMATES OIL REALIZATIONS OF \$67.00 TO  
\$70.00 PER BARREL IN JANUARY 2018**

**HOUSTON – January 31, 2018** – VAALCO Energy, Inc. (NYSE: EGY) today provided an operational update including fourth quarter and full year 2017 production and preliminary 2018 production guidance, as well as key financial information. An investor presentation has been posted to the Company's web site, [www.vaalco.com](http://www.vaalco.com), which has additional details on the matters discussed in this release.

**Highlights and Recent Key Items:**

- Produced an average of approximately 4,160 net barrels of oil per day (BOPD) for calendar 2017, at the high end of the previously-provided annual guidance range;
- Produced an average of 3,968 net BOPD in the fourth quarter of 2017, slightly below the guidance range, despite two ESP failures in the quarter;
- Realized pricing of \$59.89 per barrel of oil in the fourth quarter of 2017 compared with \$51.10 per barrel in the third quarter of 2017 and \$41.88 per barrel in the fourth quarter of 2016 (excluding the impact of hedging);
- Estimates preliminary full year 2018 production guidance of 3,500 to 4,100 BOPD;
- Produced an average of approximately 3,680 BOPD to-date in 2018;
- Anticipates realized pricing of approximately \$67.00 to \$70.00 for January sales; the Company noted that it has no hedges in place for 2018 with realized pricing correlated to Brent;
- Estimates that its operational breakeven price in 2018 is approximately \$28 per barrel of oil sales and its free cash flow breakeven price in 2018 is approximately \$38 per barrel of oil sales. (See investor presentation on web site for full details and definitions);
- At December 31, 2017, VAALCO had an unrestricted cash balance of \$19.7 million; the Company reduced debt by \$10 million in 2017, resulting in total debt (principal amount) at year-end 2017 of \$9.2 million;
- Increased proved reserves to 3.0 million barrels of oil (determined under SEC guidelines) with a PV-10 of \$22.5 million at year-end 2017, up 15% and 139%, respectively, from December 31, 2016; and
- Replaced 127% of 2017 production of 1.5 MMBO with proved reserve additions of 1.9 MMBO due to reservoir performance and positive pricing revisions.

Cary Bounds, Chief Executive Officer commented, "We are very optimistic as we enter 2018, due to the significant benefit we are realizing from the strong improvement in oil prices, particularly Brent, combined with our ongoing commitment to operational excellence. Our positive year-end 2017 reserve report, achieving annual production within guidance during 2017, and 2018

forecasted production with minimal decline from 2017 validate our continued efforts focused on operating efficiently, minimizing downtime and curtailing production decline. We are forecasting a meaningful increase in sales for 2018, and, coupled with current Brent pricing around \$70 per barrel and no hedges currently in place for 2018, VAALCO is well positioned to generate substantial free cash flow and capture significant value in 2018. We were able to pay off a significant amount of our debt in 2017, and with our projected increase in revenue for 2018, we plan to pay down nearly all of our existing debt this year and will be in a better position to consider development drilling on our offshore Gabon asset. Clearly, the outlook for VAALCO is greatly improved.”

### **Production and Sales Update**

In the fourth quarter of 2017, VAALCO produced 3,968 net BOPD. In late December, the normal monthly sales lifting from the floating production facility that stores oil produced in the Etame Marin permit area was not able to be completed by December 31 due to adverse sea and weather conditions. As a result, the December lifting took place during the period December 31, 2017 to January 1, 2018 with 53,300 net barrels of oil sold in December and the balance of 95,500 net barrels of oil sold in January 2018. The Company will benefit financially from the split-lifting. VAALCO’s December 2017 pricing was \$63.67 per barrel of oil sales while January is estimated to be in the range of \$67.00 to \$70.00 per barrel.

VAALCO anticipates a normal January monthly lifting of approximately 108,000 net barrels of oil by January 31 in addition to the partial lifting in early January. As previously commented, VAALCO has no hedges currently in place for 2018 and receives pricing correlated to Brent prices.

The Company currently estimates its 2018 production will average 3,500 to 4,100 BOPD. This assumes that the two wells currently shut-in on the Avouma platform (the South Tchibala 1-HB and the Avouma 2-H) return to production early in the second quarter of 2018. The Company plans to mobilize a hydraulic workover unit in March to perform those workovers. Sales volumes for 2018 are currently estimated to average 3,700 to 4,300 BOPD, higher than 2018 production due to the split-lifting impact in January.

### **Financial Update**

VAALCO has updated its estimate of operational and cash flow breakeven prices and its realized margin at various oil prices. The investor presentation on VAALCO’s web site has full details. For 2018, the Company estimates that its operational cash flow breakeven is \$28 per barrel of oil sales while its free cash flow breakeven is \$38 per barrel of oil sales. At \$60 realized prices, VAALCO realizes \$26.90 per barrel in operational margin and \$19.20 per barrel in free cash flow. At \$70 realized prices, VAALCO realizes \$35.40 per barrel in operational margin and \$27.70 per barrel in free cash flow. The Company estimates that each \$5 increase in realized oil price increases annual cash flow by \$7 million.

At December 31, 2017, VAALCO had an unrestricted cash balance of \$19.7 million. During 2017, the Company reduced the principal amount of its debt by \$10 million resulting in principal outstanding on debt of \$9.2 million at December 31, 2017. The Company expects to pay down that balance by \$6.7 million in 2018.

## 2017 Year-End Reserves

As previously disclosed, VAALCO's proved reserves of 3.0 MMBO at December 31, 2017, consisted of 100% oil. In 2017, the Company added 1.3 MMBO of reserves through reservoir performance additions and 0.6 MMBO through positive pricing revisions. Preliminary 2017 estimated production totaled 1.5 MMBO. All of VAALCO's proved reserves are proved developed and are located offshore Gabon in the Etame Marin Permit area.

The present value of the proved reserves discounted at 10% ("PV-10 Value") at year-end 2017, utilizing SEC pricing of \$54.42 per barrel of oil (average of monthly prices on the first of each month for calendar year 2017), more than doubled to \$22.5 million from \$9.4 million at December 31, 2016. Utilizing forward strip pricing at year-end 2017 of \$65.38 for 2018, \$61.65 for 2019, \$59.10 for 2020, and \$57.96 for 2021, per barrel of oil, the PV-10 value would have been \$39.3 million. VAALCO receives pricing for its crude that is correlated to Brent oil prices.

## 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 amounts due in connection with the Company's withdrawal from Angola, expected sources of future capital funding and future liquidity, future operating losses, future changes in oil and natural gas prices, future strategic alternatives, capital expenditures, future drilling plans, prospect evaluations, negotiations with governments and third parties including with the government of the Republic of Gabon in connection with a revised production sharing contract, expectations regarding processing facilities, production and sales projections, reserve growth, and other issues related to our exit from Angola. 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, oil and gas price volatility, inflation, general economic conditions, the Company's success in discovering, developing and producing reserves, production and sales differences due to timing of liftings, decisions by our current lender or future lenders, the risks associated with liquidity, the risk that our negotiations with the governments of the Republic of Gabon and the Republic of Angola will be unsuccessful, 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, 2016 and quarterly report on Form 10-Q for the quarter ended September 30, 2017, 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. 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.

**About VAALCO**

VAALCO Energy, Inc. is a Houston-based independent energy company principally engaged in the acquisition, development and production of crude oil. The Company's properties and acreage are located primarily in Gabon and Equatorial Guinea in West Africa.

**Investor Contact**

Phil Patman 713-623-0801

## *January 2018 Supplemental Presentation*

*Prepared In Conjunction With 1/31/18 Press Release*

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# Safe Harbor Statement

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The SEC generally permits oil and natural gas companies, in filings made with the SEC, to disclose proved reserves, which are reserve estimates that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. In this press release and presentation, the Company may use the terms "resource potential" and "oil in place", which the SEC guidelines restrict from being included in filings with the SEC without strict compliance with SEC definitions. These terms refer to the Company's internal estimates of unbooked hydrocarbon quantities that may be potentially added to proved reserves. Unbooked resource potential and oil in place do not constitute reserves within the meaning of the Society of Petroleum Engineer's Petroleum Resource Management System or SEC rules and do not include any proved reserves. 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, our 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.

# VAALCO Overview

- Houston-based independent E&P
- Excellent reputation as a West Africa operator
- Gabon-focused with 100% oil production and reserves moving forward
- Operational capacity to take on new assets and projects
- \$19.7 million cash and cash equivalents<sup>(3)</sup>
- \$9.2 million debt<sup>(4)</sup>

Key Metrics	
Share Price <sup>(1)</sup>	\$0.77
52-Week Range <sup>(1)</sup>	\$0.68 - \$1.23
Market Capitalization <sup>(1)</sup>	\$ 45 Million
Enterprise Value <sup>(5)</sup>	\$ 35 Million
Net Production <sup>(2)</sup>	3,968 BOPD
Proved Reserves <sup>(3)</sup>	3.0 MMBO
2P Reserves <sup>(3)</sup>	4.0 MMBO
% Oil (Brent Based Pricing)	100%
% Operated	100%

## Proven Operator with a Track Record of Success

(1) As of 1/30/2018  
(2) Q42017 average

(3) As of 12/31/2017  
(4) As of 12/31/2017, net of deferred financing costs

(5) Market Capitalization plus debt less cash and cash equivalents



## Highlights and Recent Key Items

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- Produced an average of approximately 4,160 net BOPD for calendar 2017, at the high end of the previously-provided annual guidance range
- Produced an average of 3,968 net BOPD in the fourth quarter of 2017, slightly below the guidance range, despite two ESP failures in the quarter
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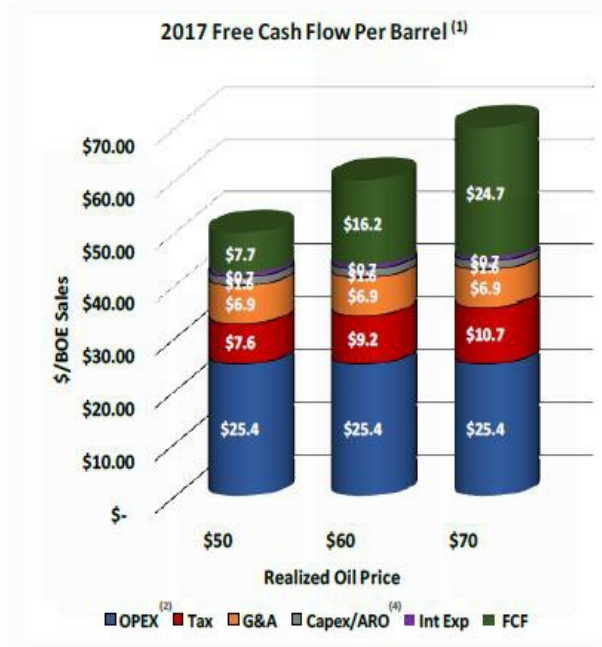
Focused on Maximizing Margins, Maintaining Production and Accretive Acquisitions



# VAALCO Free Cash Flow Overview (2017E)

Free cash flow breakeven occurs at \$41/bbl and operational breakeven at \$30/bbl

Operational breakeven excludes workovers. Free cash flow excludes 2017E principal payments of \$10.0mm<sup>(3)</sup> and workovers



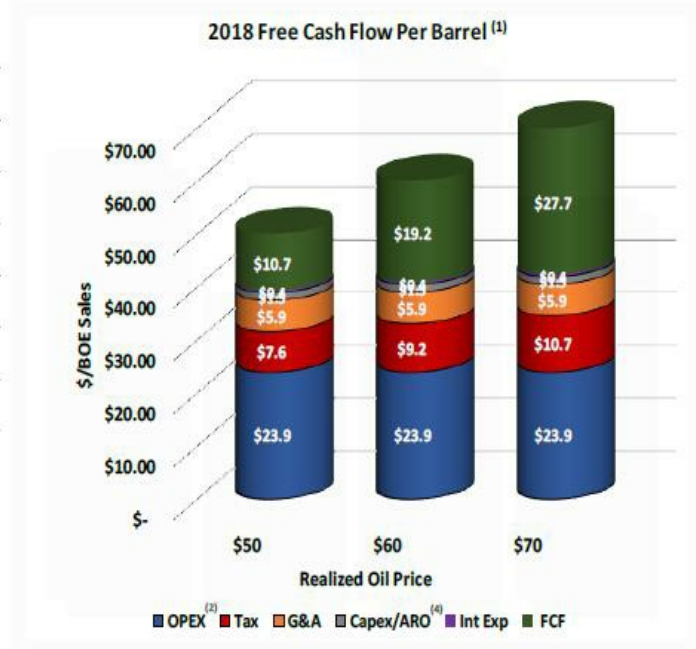
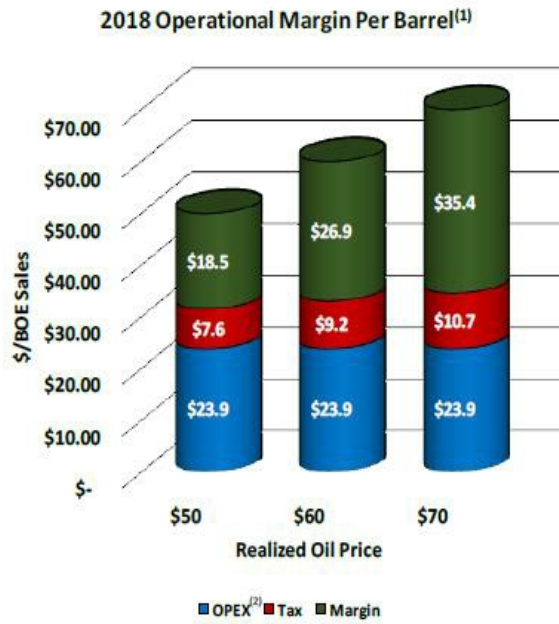
**Each \$5/barrel increase in oil price increases annual cash flow by ~\$6MM**

1) Excludes discontinued operations and workovers  
 2) Forecasted 2017  
 3) Forecasted principal payments for 2017  
 4) Forecasted 2017 Capex & ARO payment

# VAALCO Free Cash Flow Overview (2018E)

Free cash flow breakeven occurs at \$38/bbl and operational breakeven at \$28/bbl

Operational breakeven excludes workovers. Free cash flow excludes 2018E principal payments of \$6.7mm<sup>(3)</sup>, drilling and completion CapEx, and workovers

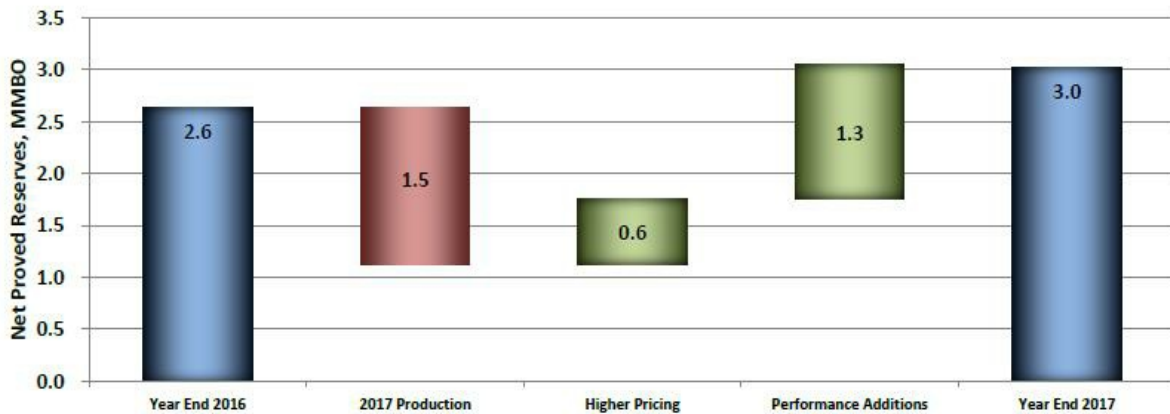


**Each \$5/barrel increase in oil price increases annual cash flow by ~\$7MM**

1) Excludes discontinued operations and workovers  
 2) Forecasted 2018  
 3) Forecasted principal payments for 2018  
 4) Forecasted 2018 Capex & ARO payment

# VAALCO Year End 2017 Reserves

3.0 MMBO Net Proved Reserves for YE-2017  
4.0 MMBO Net Proved + Probable (2P) Reserves for YE-2017  
Replaced 127% of 2017 Production



- PV-10 of 1P Reserves at SEC Pricing = \$22.5 MM; at 12/29/17 Strip<sup>1</sup> = \$39.3 MM
- PV-10 of 2P Reserves at SEC Pricing = \$33.9 MM; at 12/29/17 Strip<sup>1</sup> = \$52.7 MM
- Amounts are net of expected P&A liabilities

## Significant Upward Revisions as a Result of Strong Production Performance

<sup>1</sup> Brent Oil pricing assumptions used in Strip Pricing PV-10 calculations: \$85.38 (2018); \$61.65 (2019); \$59.10 (2020); and, \$57.96 (2021). The higher Strip Pricing assumptions increase the recoverable reserves.

## **We are committed to driving stockholder value by:**

- Operating in a safe and environmentally responsible manner
- Increasing operational efficiencies and minimizing costs
- Leveraging our existing infrastructure, technical expertise, and experience as a West Africa operator overseeing production facilities and major projects
- Pursuing development wells and workovers in the Etame Marin Block
- Acquiring discovered, underdeveloped and low-risk resources in West Africa
- Evaluating value accretive merger and acquisition opportunities
- Enhancing margins and adding value

**Execution of Our Strategy Will Provide Attractive Upside Opportunities**