

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

**FORM 8-K**

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

**Date of Report (Date of earliest reported): May 16, 2022**

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

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.)

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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.10	EGY	New York Stock Exchange
Common Stock, par value \$0.10	EGY	London Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

## Item 1.01 Entry into a Material Definitive Agreement.

### Entry into Facility Agreement

On May 16, 2022, VAALCO Gabon (Etame), Inc. (the “**Borrower**”), a wholly owned subsidiary of VAALCO Energy, Inc. (the “**Company**”), entered into a facility agreement (the “**Facility Agreement**”) by and among the Company, VAALCO Gabon, SA (“**VAALCO Gabon**” and, together with the Company, the “**Guarantors**” and, collectively with the Borrower, the “**Obligors**”), Glencore Energy UK Ltd., as mandated lead arranger, technical bank and facility agent (“**Glencore**”), the Law Debenture Trust Corporation P.L.C., as security agent, and the other financial institutions named therein (the “**Lenders**”), providing for a senior secured reserve-based revolving credit facility (the “**Facility**”) in an aggregate maximum principal amount of up to \$50.0 million (the “**Initial Total Commitment**”). In addition, subject to certain conditions, the Borrower may agree with any Lender or other bank or financial institution to increase the total commitments available under the Facility by an aggregate amount not to exceed \$50.0 million (any such increase, an “**Additional Commitment**”). Beginning October 1, 2023 and thereafter on April 1 and October 1 of each year during the term of the Facility, the Initial Total Commitment, as increased by any Additional Commitment, will be reduced by \$6.25 million.

Borrowings will be limited to a borrowing base amount calculated pursuant to the Facility Agreement. The borrowing base will be redetermined on March 31 and September 30 of each year. The initial borrowing base under the Facility is \$50.0 million.

As of May 19, 2022, the Borrower did not have any borrowings outstanding under the Facility. Subject to certain conditions set forth in the Facility Agreement, the Borrower may borrow, prepay and reborrow under the Facility and terminate or reduce the Lenders’ commitments at any time prior to the Final Maturity Date.

Each loan under the Facility will bear interest at a rate equal to LIBOR plus a margin (the “**Applicable Margin**”) of (i) 6.00% until the third anniversary of the Facility Agreement or (ii) 6.25% from the third anniversary of the Facility Agreement until the Final Maturity Date (as defined below). The Borrower shall pay the accrued interest on each loan on the last day of each interest period, which interest period may be, at the option of the Borrower, one, three or six months or such other period as agreed between the Borrower and Glencore.

The proceeds of the Facility may be used in accordance with the Facility Agreement for, among other things, the Borrower’s general corporate purposes and permitted acquisitions. The Facility will mature on the earlier of (i) the fifth anniversary of the date on which all conditions precedent to the first utilization of the Facility have been satisfied and (ii) the Reserve Tail Date (as defined in the Facility Agreement) (the “**Final Maturity Date**”).

Pursuant to the Facility Agreement, as of the last day of each calendar quarter, (i) the ratio of Consolidated Total Net Debt to EBITDAX (as each term is defined in the Facility Agreement) for the trailing 12 months shall not exceed 3.0x and (ii) consolidated cash and cash equivalents shall not be lower than \$10.0 million.

The Borrower paid an upfront fee of \$750,000 and is required to pay a quarterly commitment fee equal to (i) 35% per annum of the Applicable Margin on the daily amount by which the lower of the total commitments and the borrowing base amount exceeds the amount of all outstanding utilizations under the Facility, *plus* (ii) 20% per annum of the Applicable Margin on the daily amount by which the total

---

commitments exceed the borrowing base amount. The Borrower is also required to pay customary arrangement and security agent fees.

The Borrower's obligations under the Facility Agreement are guaranteed by Guarantors and secured by interests, rights, activities, assets, entitlements, and development in the Etame Marin Permit (Block G64-160) Field and any other assets which are approved by the Majority Lenders (as defined in the Facility Agreement).

The Facility Agreement also contains customary affirmative and negative covenants, including, among other things, as to compliance with laws (including environmental laws and anti-corruption laws), delivery of quarterly and annual financial statements and borrowing base certificates, conduct of business, maintenance of property, maintenance of insurance, entry into certain derivatives contracts, restrictions on the incurrence of liens, indebtedness, asset dispositions, restricted payments, and other customary covenants. These covenants are subject to a number of limitations and exceptions.

Additionally, the Facility Agreement contains customary events of default, including non-payment, breach of financial covenants, insolvency, litigation and the occurrence of a material adverse effect, and contains remedies for credit facilities of this nature. If the Borrower does not comply with the financial and other covenants in the Facility Agreement, the Lenders may, subject to customary cure rights, require immediate payment of all amounts outstanding under the Facility Agreement and any outstanding unfunded commitments may be terminated.

The foregoing description of the Facility Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Facility Agreement, a copy of which will be filed as an exhibit to the Company's next quarterly report on Form 10-Q.

#### *Entry into Crude Oil Sale and Marketing Agreement*

In connection with the Facility Agreement, on May 19, 2022, VAALCO Gabon entered into a Crude Oil Sale and Marketing Agreement (the "**COSMA**") with Glencore pursuant to which VAALCO Gabon agreed to, among other things, make Glencore the exclusive offtaker and marketer of all of the crude oil produced from the Etame G4-160 Block, offshore Gabon during the period from August 1, 2022 until the Final Maturity Date of the Facility; provided, however that if VAALCO Gabon elects to voluntarily repay the Facility in full before the Final Maturity Date, the contract period of the COSMA shall end following a specified period after the voluntary repayment date. Pursuant to the COSMA, VAALCO Gabon agreed to sell, and Glencore agreed to buy, VAALCO Gabon's crude oil produced from the Etame G4-160 Block in accordance with the terms of the COSMA. The COSMA also contains, among other things, customary provisions related to termination rights, confidentiality, representations and warranties, indemnification, insurance and limitations on liability.

The foregoing description of the COSMA does not purport to be complete and is qualified in its entirety by reference to the full text of the COSMA, a copy of which will be filed as an exhibit to the Company's next quarterly report on Form 10-Q.

---

**Item 2.03      Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The description of the Facility Agreement set forth under Item 1.01 above is incorporated by reference into this Item 2.03.

**Item 7.01      Regulation FD Disclosure.**

On May 18, 2022, the Company issued a press release announcing the entry into the Facility Agreement and the COSMA. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information furnished in this Item 7.01 (including Exhibit 99.1 attached hereto) shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act, as amended (the “*Exchange Act*”), or otherwise be subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof and regardless of any general incorporation language in such filing.

**Item 9.01      Financial Statements and Exhibits.**

(d) Exhibits

<b>Exhibit No.</b>	<b>Description of Exhibit</b>
<a href="#"><u>99.1</u></a>	Press Release, dated May 18, 2022, issued by VAALCO Energy, Inc. (furnished herewith pursuant to Item 7.01).
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL

---

**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: May 20, 2022

By: /s/ Jason Doornik  
Name: Jason Doornik  
Title: Chief Accounting Officer and Controller



**VAALCO ENERGY ANNOUNCES NEW FIVE YEAR, \$50 MILLION RESERVE BASED LENDING FACILITY PROVIDING ADDITIONAL FINANCIAL FLEXIBILITY**

**HOUSTON – May 18, 2022** – VAALCO Energy Inc. (NYSE: EGY; LSE: EGY) ("VAALCO" or the "Company") today announced entry into a new credit agreement, effective May 16, 2022, for a new five year Reserve Based Lending ("RBL") facility with Glencore Energy UK Ltd. ("Glencore") that includes an initial commitment of \$50 million and is expandable up to \$100 million.

**Highlights**

- Significantly improves financial flexibility providing optionality to achieve accretive growth;
  - Provides access to cash if required for potential future development programs;
  - Enhances financial optionality for funding inorganic acquisition opportunities;
  - Further strengthens financial position;
    - Forecasted 2022 capital program remains fully funded;
    - Affords the optionality to accelerate development opportunities at Etame; and
    - As part of the agreement, Glencore will provide crude oil marketing.
- Bolsters VAALCO's strong, debt-free balance sheet and growing cash position with a low-cost facility;
  - Facility size is \$50 million with ability to expand up to \$100 million at LIBOR plus 6%;
  - Facility matures in 2027;
  - Key terms and covenants under the new facility include net debt to EBITDAX of less than three times and requires VAALCO to maintain a minimum cash balance of \$10 million; and
  - Secured by Etame assets, demonstrating the strength and quality of VAALCO's flagship asset.

George Maxwell, VAALCO's Chief Executive Officer, commented, "We have taken the opportunity to enhance our financial flexibility at a favorable time, with sustained higher pricing, strong cash flow generation and no imminent need to use the new facility. By negotiating the facility at a time of strength, it allowed us the opportunity to obtain a low-cost debt option as compared to our peer group. We continue to forecast all current capital commitments for 2022 related to the drilling program, FSO and field reconfiguration will be covered by cash on hand and cash from operations. This new credit facility provides dry powder for future opportunities and could reduce our overall cost of capital by providing immediate access to funds at a low rate, if required. It enhances our opportunity set and allows us to continue to focus on our strategy to build meaningful size and scale to deliver future accretive growth. We are excited about the future for VAALCO with the continued development of our interests in offshore Gabon, upside opportunities

in Equatorial Guinea and the potential to integrate accretive acquisitions aimed at further strengthening VAALCO and growing shareholder value."

## **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 63.6% participating interest in the Etame Marin block, located offshore Gabon, which to date has produced over 126 million barrels of crude oil and of which the Company is the operator.

## **For Further Information**

**VAALCO Energy, Inc. (General and Investor Enquiries)** +00 1 713 623 0801

Website: [www.vaalco.com](http://www.vaalco.com)

**Al Petrie Advisors (US Investor Relations)** +00 1 713 543 3422

Al Petrie / Chris Delange

**Buchanan (UK Financial PR)** +44 (0) 207 466 5000

Ben Romney / Jon Krinks / James Husband [VAALCO@buchanan.uk.com](mailto:VAALCO@buchanan.uk.com)

## **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 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, our ability to find a replacement for the FPSO or to renew the FPSO charter, future operating losses, future changes in crude oil and natural gas prices, future strategic alternatives, future and pending 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 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.

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.

#### **Inside Information**

This announcement contains inside information as defined in Regulation (EU) No. 596/2014 on market abuse ("MAR") and is made in accordance with the Company's obligations under article 17 of MAR.