

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 event reported):
August 8, 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
(I.R.S. Employer Identification No.)

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

77042
(zip code)

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

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 (see General Instructions A.2. below):

- 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 Exchange 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 7.01. Regulation FD Disclosure.

As previously announced, VAALCO Energy, Inc., a Delaware corporation (“VAALCO”) and VAALCO Energy Canada ULC (“AcquireCo”), an Alberta unlimited liability company and an indirect wholly-owned subsidiary of VAALCO, entered into an Arrangement Agreement, dated as of July 13, 2022 (“Arrangement Agreement”), with TransGlobe Energy Corporation, an Alberta corporation (“TransGlobe”), pursuant to which, among other things, AcquireCo will acquire all of the issued and outstanding common shares of TransGlobe (the “Arrangement”) with TransGlobe continuing as a direct wholly-owned subsidiary of AcquireCo and an indirect wholly-owned subsidiary of VAALCO.

On August 8, 2022, VAALCO issued an announcement that announced, among other things, that (i) VAALCO has made available on its website an investor presentation that includes additional and supplemental information related to the Arrangement; and (ii) TransGlobe’s Chairman, David Cook and TransGlobe’s Chief Executive Officer, Randy Neely, alongside VAALCO’s Chief Executive Officer, George Maxwell, will be hosting a webcast presentation for TransGlobe shareholders on August 10, 2022 at 11:00 a.m. Eastern Time. Copies of the announcement and investor presentation are furnished as Exhibits 99.1 and 99.2 hereto, respectively and are incorporated into this Item 7.01 by reference. VAALCO undertakes no duty or obligation to publicly update or revise any information contained in the investor presentation, except as required by applicable law.

On August 8, 2022, VAALCO made available on its website a podcast that accompanies the investor presentation, which is hosted by VAALCO’s Chief Executive Officer, George Maxwell, and Chief Financial Officer, Ron Bain. A copy of the transcript of the podcast is furnished as Exhibit 99.3 hereto and is incorporated into this Item 7.01 by reference.

The information in this Item 7.01, including Exhibits 99.1, 99.2 and 99.3 attached hereto, 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 the liabilities of that section, and shall not be incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1993, as amended (the “Securities Act”), except as otherwise stated in such filings. Similarly, the information on VAALCO’s website shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section.

Forward-Looking Statements

This Current Report on Form 8-K includes “forward-looking statements” within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act, 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,” “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 Current Report on Form 8-K may include, but are not limited to, statements relating to (i) the proposed Arrangement and its expected terms, timing and closing, including receipt of required approvals, if any, satisfaction of other customary closing conditions and expected changes and appointments to the executive team and board of directors; (ii) estimates of pro forma reserves and future drilling, production and sales of crude oil and natural gas; (iii) estimates of future cost reductions, synergies, including pre-tax synergies, savings and efficiencies; (iv) expectations regarding VAALCO’s ability to effectively integrate assets and properties it may acquire as a result of the proposed Arrangement into VAALCO’s operations (v) expectations regarding future exploration and the development, growth and potential of VAALCO’s and TransGlobe’s operations, project pipeline and investments, and schedule and anticipated benefits to be derived therefrom; (vi) expectations regarding future investments or divestitures; (vii) expectations of future dividends and returns to stockholders including share buybacks; (viii) expectations of future balance sheet strength and credit ratings including pro forma financial metrics; (ix) expectations of future equity and enterprise value; (x) expectations regarding the listing of the common stock, par value \$0.10 of VAALCO (“VAALCO common stock”) on the New York Stock Exchange and London Stock Exchange; and delisting of TransGlobe shares from Nasdaq, the Toronto Stock Exchange and Alternative Investment Market; (xi) expectations regarding the percentage share of the combined company that are expected to be owned by existing VAALCO stockholders and TransGlobe shareholders; (xii) expectations of future plans, priorities, focus and benefits of the proposed Arrangement and the combined company; (xiii) the combined company’s environmental, social and governance related focus and commitments, and the anticipated benefits to be derived therefrom; (xiv) terms of hedging contracts; and (xv) expectations relating to resource potential and the potential to add reserves. Additionally statements relating to “reserves” are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and can be profitably produced in the future. Forward-looking statements regarding the percentage share of the combined company that are expected to be owned by existing VAALCO stockholders and TransGlobe shareholders have been calculated based on each company’s vested outstanding shares as of the date of the Arrangement Agreement. Dividends of VAALCO beyond the third quarter 2022 have not yet been approved or declared by the board of directors of VAALCO. VAALCO management’s expectations with respect to future dividends, annualized dividends or other returns to stockholders, including share buybacks, are forward-looking statements. Investors are cautioned that such statements with respect to future dividends and share buybacks are non-binding. The declaration and payment of future dividends or the terms of any share buybacks remain at the discretion of the board of directors of VAALCO 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 of directors of VAALCO. The board of directors of VAALCO reserves all powers related to the declaration and payment of dividends. Consequently, in determining the dividend to be declared and paid on VAALCO common stock, the board of directors of VAALCO may revise or terminate the payment level at any time without prior notice. 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: the ability to obtain stockholder, shareholder, court and regulatory approvals (if any) in connection with the proposed Arrangement; the ability to complete the proposed Arrangement on the anticipated terms and timetable; the possibility that various closing conditions for the Arrangement may not be satisfied or waived; risks relating to any unforeseen liabilities of VAALCO and/or TransGlobe; the tax treatment of the proposed Arrangement in the United States and Canada; 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 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 assets 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 proposed Arrangement may not increase VAALCO’s relevance to investors in the international exploration and production industry, increase capital market access through scale and diversification or provide liquidity benefits for stockholders; and other risks described (i) under the caption “Risk Factors” in VAALCO’s 2021 Annual Report on Form 10-K, filed with the SEC on March 11, 2022; and (ii) in TransGlobe’s 2021 Annual Report on Form 40-F, filed with the SEC on March 17, 2022 or TransGlobe’s annual information form for the year ended December 31, 2021 dated March 17, 2022. Neither VAALCO nor TransGlobe is affirming or adopting any statements or reports attributed to the other (including prior oil and gas reserves information) in this Current Report on Form 8-K or made by the other outside of this Current Report on Form 8-K. More information on potential factors that could affect VAALCO’s or TransGlobe’s financial results will be included in the preliminary and the definitive proxy statements that VAALCO intends to file with the SEC in connection with VAALCO’s solicitation of proxies for the meeting of stockholders to be held to approve, among other things, the issuance of shares of VAALCO common stock in connection with the proposed Arrangement. There may be additional risks that neither VAALCO nor TransGlobe presently knows, or that VAALCO or TransGlobe currently believes are immaterial, that could also cause actual results to differ from those contained in the forward-looking statements. In addition, forward-looking statements reflect VAALCO’s and TransGlobe’s expectations, plans or forecasts of future events and views as of the date of this Current Report on Form 8-K. Should one or more of these risks or uncertainties materialize, or should any of the assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. No obligation is being undertaken to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Certain Assumptions Relating to Forward-Looking Statements

Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although TransGlobe and VAALCO believe the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because TransGlobe and VAALCO can give no assurance that such expectations will prove to be correct. Many factors could cause actual results to differ materially from those expressed or implied in any forward-looking statements contained herein.

In addition to other factors and assumptions which may be identified in this Current Report on Form 8-K, assumptions have been made regarding, among other things, anticipated production volumes; the timing of receipt of regulatory and shareholder approvals for the arrangement; the ability of the combined business to realize the anticipated benefits of the arrangement; ability to effectively integrate assets and property as a result of the arrangement; ability to obtain qualified staff and equipment in a timely and cost-efficient manner; regulatory framework governing royalties, taxes and environmental matters in the jurisdictions in which TransGlobe and VAALCO conducts and the combined business will conduct its business; future capital expenditures; future sources of funding for capital programs; current commodity prices and royalty regimes; future exchange rates; the price of oil; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; future operating costs; uninterrupted access to areas of operation and infrastructure; recoverability of reserves and future production rates; the combined business will have sufficient cash flow, debt and equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; results of operations will be consistent with expectations; current or, where applicable, proposed industry conditions, laws and regulations will continue in effect; the estimates of reserves and resource volumes and the assumptions related thereto are accurate in all material respects; and other matters.

Important Information About the Proposed Arrangement and Where to Find It

In connection with the proposed Arrangement, VAALCO intends to file preliminary and definitive proxy statements with the SEC. The preliminary and definitive proxy statements and other relevant documents will be sent or given to the stockholders of VAALCO as of the record date established for voting on the proposed Arrangement and will contain important information about the proposed Arrangement and related matters. Stockholders of VAALCO and other interested persons are advised to read, when available, the preliminary proxy statement and any amendments thereto and, once available, the definitive proxy statement, in connection with VAALCO's solicitation of proxies for the meeting of stockholders to be held to approve, among other things, the issuance of shares of VAALCO common stock in connection with the proposed Arrangement because the proxy statement will contain important information about VAALCO, TransGlobe and the proposed Arrangement. When available, the definitive proxy statement will be mailed to VAALCO's stockholders as of a record date to be established for voting on the proposed Arrangement. Stockholders will also be able to obtain, without charge, copies of (i) the proxy statement, once available, (ii) the other filings with the SEC that have been incorporated by reference into the proxy statement and (iii) other filings containing information about VAALCO, TransGlobe and the proposed Arrangement, at the SEC's website at www.sec.gov or by directing a request to: VAALCO Energy, Inc., 9800 Richmond Avenue, Suite 700, Houston, TX 77042, Attention: Secretary, telephone: (713) 623-0801.

Participants in the Proposed Arrangement Solicitation

VAALCO, TransGlobe and their respective directors and executive officers may be deemed participants in the solicitation of proxies from VAALCO's stockholders in connection with the proposed Arrangement. VAALCO's stockholders and other interested persons may obtain, without charge, more detailed information (i) regarding the directors and officers of VAALCO in VAALCO's 2021 Annual Report on Form 10-K filed with the SEC on March 11, 2022, its proxy statement relating to its 2022 Annual Meeting of Stockholders filed with the SEC on April 22, 2022 and other relevant materials filed with the SEC when they become available; and (ii) regarding TransGlobe's directors and officers in TransGlobe's 2021 Annual Information Form, which is attached as Exhibit 99.1 to Form 40-F, filed with the SEC on March 17, 2022 and other relevant materials filed with the SEC when they become available. Information regarding the persons who may, under SEC rules, be deemed participants in the solicitation of proxies to VAALCO's stockholders in connection with the proposed Arrangement will be set forth in the proxy statement for the proposed Arrangement when available. Additional information regarding the interests of participants in the solicitation of proxies in connection with the proposed Arrangement will be included in the proxy statement that VAALCO intends to file with the SEC.

No Offer or Solicitation

This document shall not constitute a solicitation of a proxy, consent or authorization with respect to any securities or in respect of the proposed Arrangement. This document is for information purposes only and shall not constitute a recommendation to participate in the proposed Arrangement or to purchase any securities. This document does not constitute an offer to sell or issue, or the solicitation of an offer to buy, acquire or subscribe for any securities in any jurisdiction, nor shall there be any sale of securities in any states or jurisdictions in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of section 10 of the Securities Act, or by means of a prospectus approved by the U.K. Financial Conduct Authority, or an exemption therefrom.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Announcement, dated August 8, 2022
99.2	Investor presentation, dated August 2022
99.3	Transcript of Podcast, dated August 8, 2022
104	Cover Page Interactive Data file (embedded within the inline XBRL document).

SIGNATURE

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

VAALCO Energy, Inc.

Date: August 8, 2022

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

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**VAALCO ANNOUNCES BOARD APPROVED SHARE BUY-BACK POST CLOSING AND PROVIDES UPDATE ON TRANSFORMATIONAL TRANSACTION**

HOUSTON, TEXAS, CALGARY, ALBERTA, August 8, 2022 - VAALCO Energy, Inc. (NYSE: EGY; LSE: EGY) ("VAALCO") and TransGlobe Energy Corporation (TSX: TGL; NASDAQ: TGA; AIM: TGL) ("TransGlobe") (VAALCO and TransGlobe together, the "Combined Company"), announces that VAALCO's Board has approved a share buy-back program of up to US\$30 million, equivalent to up to US\$0.27/share⁽¹⁾, to be commenced promptly subject to completion of the proposed combination (the "Transaction") of VAALCO and TransGlobe taking place.

The proposed share buy-back is in addition to the previously announced post-closing targeted dividend of US\$28 million for 2023, or US\$0.25/share annually. The dividend is to be paid quarterly, with the first payment to be made in the first quarter post completion.

VAALCO has posted an updated presentation on its website, providing updated and supplemental information on the Transaction announced on July 14, 2022. Additionally, VAALCO's presentation is accompanied by a podcast hosted by VAALCO's Chief Executive Officer, George Maxwell, and Chief Financial Officer, Ron Bain. This podcast will be uploaded to VAALCO's website in the Investor Relations tab under News and Events.

TransGlobe has also posted an updated presentation on its website, providing updated and supplemental information on the Transaction announced on July 14, 2022. Additionally, TransGlobe's Chairman, David Cook, and Chief Executive Officer, Randy Neely, alongside VAALCO Chief Executive Officer, George Maxwell, will also be hosting a webcast for TransGlobe shareholders on August 10, 2022. Joining instructions for the webcast are provided below.

George Maxwell, VAALCO's Chief Executive Officer commented, "I am pleased that VAALCO's Board has approved a share buy-back program of up to US\$30 million (equivalent to up to US\$0.27/share⁽¹⁾) that will come into effect subject to the combination transaction being completed. We believe this further enhances the value of the transaction to both sets of shareholders and demonstrates the strength of the cash flows that we expect the Combined Company to generate. The proposed share buy-back is in addition to the US\$28 million (or US\$0.25/ share) annually that we have targeted as shareholder dividends, payable on a quarterly basis, following the transaction closing. By combining these two companies we are able to build scale, a stronger balance sheet and a more material and diversified baseline of production. This should allow us to generate meaningful cash flow to fund increased shareholder dividends, share buy-backs and potential supplemental shareholder returns at a rate that would not be achievable by either of VAALCO or TransGlobe on a standalone basis. We also believe that the enhanced scale and profile of the Combined Company is deserving of improved valuation multiples. We believe that a potential increase in the valuation of the Combined Company coupled with up to an equivalent of \$0.52 cents per diluted share, in post-closing dividends and share buy-backs⁽¹⁾, presents a clear and compelling value proposition for this transaction."

"There is significant inherent value within the Combined Company's portfolio, with a large reserve base, substantial upside potential across the enlarged resource base, and strong production, with mid-point guidance of 18.4 thousand barrels of oil equivalent per day ("mboe/d") for 2022 and preliminary outlook of 19.5 mboe/d in 2023. The enlarged production profile of the Combined Company will support enhanced cash flow and shareholder returns going forward and, assuming the Brent oil price is within a range of approximately US\$90 to US\$120/bbl in 2023, the Combined Company could generate Adjusted EBITDA⁽²⁾ of between US\$350 and US\$505 million. This is a substantial increase in Adjusted EBITDA compared to the US\$190 to \$230 million VAALCO standalone estimate for 2022, using the same pricing assumptions for the remainder of 2022."

"We plan to continue to hedge to protect cash flow for our shareholder returns program and capital investment plans and allow upside participation. In July 2022, we added costless collars for the fourth quarter of 2022 covering 326 thousand barrels of oil production. This hedge provides downside protection if the price were to fall below \$70 per barrel and allows us to benefit on the upside up to \$122 per barrel. We feel this is a great way to protect our cash flows and we will look to opportunistically add hedges like this moving forward."

“Additionally, we have identified numerous synergies that the Combined Company can capture to unlock additional value. We plan to capture synergies which include delisting TransGlobe from AIM, the TSX and the Nasdaq exchanges, reducing overall Board and executive positions, consolidating advisors, as well as back-office and supply chain led contracting efficiencies that can total up to US\$30 to US\$50 million over the next seven years. This would meaningfully improve our margins and enhance our future cash flow generation which would not be possible as standalone companies.”

“We are proceeding with the preparation of the proxy materials to provide more information to both our shareholders and for TransGlobe shareholders, but we wanted to give additional details now to further demonstrate how this transaction benefits both sets of shareholders as detailed in the updated presentation. We are excited for the future of the Combined Company and believe that it provides the opportunity to expand on our commitment of returning value to shareholders, while also growing value in the underlying business at a rate that neither VAALCO or TransGlobe can provide on a standalone basis.”

David Cook, Chairman of TransGlobe Energy commented, “The combination of TransGlobe and VAALCO is a great fit. Our Board is confident that the integrated business and portfolio will significantly strengthen the Combined Company creating a world-class African-focused E&P with a higher quality inventory of diverse growth options. This creates and underpins a robust balance sheet to accelerate sustainable, enhanced shareholder returns. This is demonstrated by the announcement to initiate both a dividend and buyback upon completion.”

“The Combined Company will also benefit from a strengthened, joint TransGlobe and VAALCO Board providing continuity of stewardship as it delivers the very material new business. The combined entity will be a greatly beneficial next step for both businesses and our shareholders. We are now proceeding with preparing our proxy materials for shareholders as we work towards delivering a successful combination.”

TransGlobe Webcast Details

TransGlobe’s Chairman, David Cook, and Chief Executive Officer, Randy Neely, alongside VAALCO Chief Executive Officer, George Maxwell, will host a live webcast at 4:00pm (BST) / 9:00am (MDT) on August 10, 2022 via the Investor Meet Company platform.

To join the webcast, investors must register with Investor Meet Company in advance and add to meet TransGlobe Energy Corporation via:

<https://www.investormeetcompany.com/transglobe-energy-corporation/register-investor>

Investors who already follow TransGlobe Energy Corporation on the Investor Meet Company platform will automatically be invited.

Questions can be submitted pre-event via your Investor Meet Company dashboard up until 4:00pm (BST) / 9:00 am (MDT) the day before the webcast or at any time during the live webcast.

If you are in the UK, you should only access the podcast or webcast if you are: (i) a ‘qualified investor’ within the meaning of section 86 (7) of FSMA purchasing as principal or in circumstances under section 86 (2) of FSMA; and (ii) have professional experience in matters relating to investments and who fall within the category of persons set out in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the “Order”) or are high net worth companies within the meaning set out in Article 49 of the Order; or (iii) are otherwise permitted to access the podcast or webcast.

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Endnotes

- (1) The buy-back program is subject to completion of the Transaction and is expected to commence promptly post completion of the Transaction. Prior to the start of the buy-back program, VAALCO will disclose details of, among other things, the maximum consideration, the maximum number of shares to be acquired and the duration of the period for which authorization for the program has been given. The equivalent per share value of the buy-back is calculated as the maximum value of buy-back program, being US\$30 million, divided by the enlarged share capital of the Combined Company of approximately 108 million shares based on each company's vested and outstanding share capital as at the date of the arrangement agreement.
 - (2) Earnings before interest, tax, depreciation and amortization, adjusted to reflect the impact of hedging but before non-cash or unusual items, such as depletion and non-cash income and expenses. Adjusted EBITDA also assumes the Combined Company benefits from certain anticipated cost synergies in 2023.
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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.

VAALCO 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 VAALCO is the operator.

About TransGlobe

TransGlobe Energy Corporation is a cash flow-focused oil and gas exploration and development company whose current activities are concentrated in the Arab Republic of Egypt and Canada. TransGlobe's common shares trade on the Toronto Stock Exchange and the AIM market of the London Stock Exchange under the symbol TGL and on the NASDAQ Exchange under the symbol TGA.

Important Information About the Transaction and Where to Find It

In connection with the Transaction, VAALCO intends to file preliminary and definitive proxy statements with the SEC. The preliminary and definitive proxy statements and other relevant documents will be sent or given to the stockholders of VAALCO as of the record date established for voting on the Transaction and will contain important information about the Transaction and related matters. Stockholders of VAALCO and other interested persons are advised to read, when available, the preliminary proxy statement and any amendments thereto and, once available, the definitive proxy statement, in connection with VAALCO's solicitation of proxies for the meeting of stockholders to be held to approve, among other things, the issuance of shares of VAALCO's common stock in connection with the Transaction because the proxy statement will contain important information about VAALCO, TransGlobe and the Transaction. When available, the definitive proxy statement will be mailed to VAALCO's stockholders as of a record date to be established for voting on the Transaction. Stockholders will also be able to obtain, without charge, copies of (i) the proxy statement, once available, (ii) the other filings with the SEC that have been incorporated by reference into the proxy statement and (iii) other filings containing information about VAALCO, TransGlobe and the Transaction, at the SEC's website at www.sec.gov or by directing a request to: VAALCO, 9800 Richmond Avenue, Suite 700, Houston, TX 77042, Attention: Secretary, telephone: +1 713-623-0801

Certain Canadian Regulatory Matters

In connection with the Transaction, TransGlobe has filed a copy of the arrangement agreement dated July 13, 2022 amongst VAALCO, TransGlobe and VAALCO Energy Canada ULC on its profile on SEDAR (www.sedar.com). Further, TransGlobe intends on mailing to its shareholders a management information circular and other relevant documents as of the record date established for voting on the Transaction, which will contain important information about the Transaction and related matters. Shareholders of TransGlobe are advised to read, when available, the management information circular in connection with TransGlobe's solicitation of proxies for the meeting of TransGlobe shareholders to approve the Transaction. When finalized, the management information circular will be mailed to TransGlobe shareholders as of a record date to be established for voting on the Transaction. TransGlobe shareholders will also be able to obtain copies of the management information circular on TransGlobe's SEDAR profile (www.sedar.com).

Participants in the Transaction Solicitation

VAALCO, TransGlobe and their respective directors and executive officers may be deemed participants in the solicitation of proxies from VAALCO's stockholders in connection with the Transaction. VAALCO's stockholders and other interested persons may obtain, without charge, more detailed information (i) regarding the directors and officers of VAALCO in VAALCO's 2021 Annual Report on Form 10-K filed with the SEC on March 11, 2022, its proxy statement relating to its 2022 Annual Meeting of Stockholders filed with the SEC on April 22, 2022 and other relevant materials filed with the SEC when they become available; and (ii) regarding TransGlobe's directors and officers in TransGlobe's 2021 Annual Information Form, which is attached as Exhibit 99.1 to Form 40-F, filed with the SEC on March 17, 2022 and other relevant materials filed with the SEC when they become available. Information regarding the persons who may, under SEC rules, be deemed participants in the solicitation of proxies to VAALCO's stockholders in connection with the Transaction will be set forth in the proxy statement for the Transaction when available. Additional information regarding the interests of participants in the solicitation of proxies in connection with the Transaction will be included in the proxy statement that VAALCO intends to file with the SEC.

Forward-Looking Statements

This announcement includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), 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,” “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 announcement include, but are not limited to, statements relating to (i) the Transaction and its expected terms, timing and closing, including receipt of required approvals, if any, satisfaction of other customary closing conditions and expected changes and appointments to the executive team and board of directors; (ii) estimates of pro forma reserves and future drilling, production and sales of crude oil and natural gas; (iii) estimates of future cost reductions, synergies, including pre-tax synergies, savings and efficiencies; (iv) expectations regarding VAALCO’s ability to effectively integrate assets and properties it may acquire as a result of the Transaction into VAALCO’s operations; (v) expectations regarding future exploration and the development, growth and potential of VAALCO’s and TransGlobe’s operations, project pipeline and investments, and schedule and anticipated benefits to be derived therefrom; (vi) expectations regarding future investments or divestitures; (vii) expectations of future dividends and returns to stockholders including share buy-backs; (viii) expectations of future balance sheet strength and credit ratings including pro forma financial metrics; (ix) expectations of future equity and enterprise value; (x) expectations regarding the listing of VAALCO’s common stock on the NYSE and LSE and de-listing of TransGlobe’s shares from Nasdaq, the TSX and AIM; (xi) expectations regarding the percentage share of the combined company that are expected to be owned by existing VAALCO stockholders and TransGlobe shareholders; (xii) expectations of future plans, priorities and focus and benefits of the proposed arrangement and the Combined Company; (xiii) the Combined Company’s environmental, social and governance related focus and commitments, and the anticipated benefits to be derived therefrom; (xiv) terms of hedging contracts; and (xv) expectations relating to resource potential and the potential to add reserves. Additionally statements relating to “reserves” are deemed to be forward-looking statements, as they involve the implied assessment based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and can be profitably produced in the future. Forward looking statements regarding the percentage share of the Combined Company that are expected to be owned by existing VAALCO stockholders and TransGlobe shareholders have been calculated based on each company’s vested outstanding shares as of the date of the Arrangement Agreement.

Dividends of VAALCO beyond the third quarter of 2022 have not yet been approved or declared by the board of directors of VAALCO. VAALCO management’s expectations with respect to future dividends, annualized dividends or other returns to stockholders, including share buy-backs, are forward-looking statements. Investors are cautioned that such statements with respect to future dividends and share buy-backs are non-binding. The declaration and payment of future dividends or the terms of any share buy-backs remain at the discretion of the board of directors of VAALCO 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 of directors of VAALCO. The board of directors of VAALCO reserves all powers related to the declaration and payment of dividends. Consequently, in determining the dividend to be declared and paid on VAALCO common stock, the board of directors of VAALCO may revise or terminate the payment level at any time without prior notice.

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: the ability to obtain stockholder, shareholder, court and regulatory approvals, if any, in connection with the Transaction; the ability to complete the Transaction on anticipated terms and timetable; the possibility that various closing conditions for the Transaction may not be satisfied or waived; risks relating to any unforeseen liabilities of VAALCO or TransGlobe; the tax treatment of the Transaction in the United States and Canada; 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 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 assets 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 Transaction 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 (i) under the caption "Risk Factors" in VAALCO's 2021 Annual Report on Form 10-K filed with the SEC on March 11, 2022; and (ii) in TransGlobe's 2021 Annual Report on Form 40-F, filed with the SEC on March 17, 2022 or TransGlobe's annual information form for the year ended December 31, 2021 dated March 17, 2022. Neither VAALCO nor TransGlobe is affirming or adopting any statements or reports attributed to the other (including oil and gas reserves information) in this announcement or made by the other outside of this announcement. More information on potential factors that could affect VAALCO's or TransGlobe's financial results will be included in the preliminary and the definitive proxy statements that VAALCO intends to file with the SEC in connection with VAALCO's solicitation of proxies for the meeting of stockholders to be held to approve, among other things, the issuance of shares of VAALCO common stock in connection with the Transaction. There may be additional risks that neither VAALCO nor TransGlobe presently knows, or that VAALCO or TransGlobe currently believes are immaterial, that could also cause actual results to differ from those contained in the forward-looking statements. In addition, forward-looking statements reflect VAALCO's and TransGlobe's expectations, plans or forecasts of future events and views as of the date of this announcement. Should one or more of these risks or uncertainties materialize, or should any of the assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. No obligation is being undertaken to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Certain Assumptions Relating to Forward Looking Statements

Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although TransGlobe and VAALCO believe the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because TransGlobe and VAALCO can give no assurance that such expectations will prove to be correct. Many factors could cause actual results to differ materially from those expressed or implied in any forward-looking statements contained herein.

In addition to other factors and assumptions which may be identified in this announcement, assumptions have been made regarding, among other things, anticipated production volumes; the timing of receipt of regulatory and shareholder approvals for the arrangement; the ability of the combined business to realize the anticipated benefits of the arrangement; ability to effectively integrate assets and property as a result of the arrangement; ability to obtain qualified staff and equipment in a timely and cost-efficient manner; regulatory framework governing royalties, taxes and environmental matters in the jurisdictions in which TransGlobe and VAALCO conducts and the combined business will conduct its business; future capital expenditures; future sources of funding for capital programs; current commodity prices and royalty regimes; future exchange rates; the price of oil; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; future operating costs; uninterrupted access to areas of operation and infrastructure; recoverability of reserves and future production rates; the combined business will have sufficient cash flow, debt and equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; results of operations will be consistent with expectations; current or, where applicable, proposed industry conditions, laws and regulations will continue in effect; the estimates of reserves and resource volumes and the assumptions related thereto are accurate in all material respects; and other matters.

No Offer or Solicitation

This announcement shall not constitute a solicitation of a proxy, consent or authorization with respect to any securities or in respect of the Transaction. This announcement is for information purposes only and shall not constitute a recommendation to participate in the Transaction or to purchase any securities. This announcement does not constitute an offer to sell or issue, or the solicitation of an offer to buy, acquire or subscribe for any securities in any jurisdiction, nor shall there be any sale of securities in any states or jurisdictions in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of section 10 of the Securities Act, or by means of a prospectus approved by the Financial Conduct Authority, or an exemption therefrom.

Use of Projected Financial Information

This announcement contains projected financial information with respect to VAALCO and TransGlobe, namely Adjusted EBITDA and expected production. Such projected financial information constitutes forward-looking information, and is for illustrative purposes only and should not be relied upon as necessarily being indicative of future results. The assumptions and estimates underlying such projected financial information are inherently uncertain and are subject to a wide variety of significant business, economic, competitive and other risks and uncertainties that could cause actual results to differ materially from those contained in the prospective financial information. See “Forward-Looking Statements” paragraph above. Actual results may differ materially from the results contemplated by the projected financial information contained in this announcement, and the inclusion of such information in this announcement should not be regarded as a representation by any person that the results reflected in such projections will be achieved. The independent auditors and the independent registered public accounting firms of VAALCO and TransGlobe have not audited, reviewed, compiled or performed any procedures with respect to the projected financial information for the purpose of their inclusion in this announcement, and accordingly, none of them expressed an opinion or provided any other form of assurance with respect thereto for the purpose of this announcement. No undertaking is made to update any projected financial information, except as required by applicable law.

Use of Non-GAAP and Other Financial Measures

Some of the financial information and data contained in this announcement, such as Adjusted EBITDA, has not been prepared in accordance with United States generally accepted accounting principles (“GAAP”) or with the International Standards of Financial Reporting (“IFRS”). VAALCO and TransGlobe believe these non-GAAP, non-IFRS, or other financial measures of financial results, respectively, provide useful information to management and investors regarding certain financial and business trends relating to each of VAALCO’s and TransGlobe’s financial condition and results of operations. VAALCO and TransGlobe believe that the use of these non-GAAP, non-IFRS, or other financial measures, respectively, provides an additional tool for investors to use in evaluating projected operating results and trends in and in comparing each of VAALCO’s and TransGlobe’s financial measures with other similar companies, many of which present similar non-GAAP, non-IFRS, or other financial measures to investors. Each of VAALCO’s and TransGlobe’s management does not consider these non-GAAP, non-IFRS, or other financial measures, respectively, in isolation or as an alternative to financial measures determined in accordance with GAAP or IFRS, as the case may be. The principal limitation of these financial measures is that they exclude significant expenses and income that are required by GAAP or IFRS to be recorded in VAALCO’s and TransGlobe’s financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which expenses and income are excluded or included in determining these financial measures. In order to compensate for these limitations, Each of VAALCO’s and TransGlobe’s management presents non-GAAP financial or other financial measures in connection with GAAP or IFRS results.

Oil and Gas Advisories Relating to TransGlobe

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 MCF: 1 Bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Inside Information

This announcement contains inside information as defined in Regulation (EU) No. 596/2014 on market abuse which is part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR") and is made in accordance with the Company's obligations under article 17 of MAR. The person responsible for arranging the release of this announcement on behalf of VAALCO is Michael Silver, Corporate Secretary of VAALCO and on behalf of TransGlobe is Eddie Ok, Corporate Secretary of TransGlobe.

Evercore Partners International LLP ("Evercore"), acts as financial adviser to TransGlobe. Evercore acts solely for TransGlobe, and will not be responsible to anyone other than TransGlobe for providing the protections afforded to its customers or for advising any other person in relation to the contents of this announcement or on any transaction or arrangement referred to in this announcement. Evercore has not authorised the contents of this announcement (or any part of it) and no representation or warranty (express or implied) is made, or liability accepted, by Evercore as to any of the contents of this announcement without prejudice to any liability for, or remedy in respect of, fraudulent misrepresentation.

Stifel, Nicolaus & Company, Incorporated ("Stifel"), acts as financial adviser to VAALCO. Stifel acts solely for VAALCO, and will not be responsible to anyone other than VAALCO for providing the protections afforded to its customers or for advising any other person in relation to the contents of this announcement or on any transaction or arrangement referred to in this announcement. Stifel has not authorised the contents of this announcement (or any part of it) and no representation or warranty (express or implied) is made, or liability accepted, by Stifel as to any of the contents of this announcement without prejudice to any liability for, or remedy in respect of, fraudulent misrepresentation.

Canaccord Genuity Limited ("Canaccord"), a member firm of the LSE, is authorised and regulated by the FCA and acts as nominated adviser and broker to TransGlobe. Canaccord acts solely for TransGlobe, and will not be responsible to anyone other than TransGlobe for providing the protections afforded to its customers or for advising any other person in relation to the contents of this announcement or on any transaction or arrangement referred to in this announcement. Canaccord's responsibilities as TransGlobe's nominated adviser under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed solely to the LSE and are not owed to TransGlobe. Canaccord has not authorised the contents of this announcement (or any part of it) and no representation or warranty (express or implied) is made, or liability accepted, by Canaccord as to any of the contents of this announcement without prejudice to any liability for, or remedy in respect of, fraudulent misrepresentation.

Combination of VAALCO Energy, Inc. & TransGlobe Energy Corporation

A Diversified African-focused E&P Business

Updated and Supplemental Information



August 2022



*Supporting
Sustainable
Shareholder
Returns &
Growth*

All-Share Business Combination of VAALCO & TransGlobe



Unanimously supported by both Boards

Key Terms	<ul style="list-style-type: none">> Recommended all-share business combination, with resulting equity ownership of 54.5% VAALCO, 45.5% TransGlobe⁽¹⁾> 0.6727 of a VAALCO share per TransGlobe share> Represents a premium to TransGlobe of 24.9% based on VAALCO and TransGlobe's 30-day VWAP as of 13 July 2022⁽²⁾
Combined Company Board	<ul style="list-style-type: none">> 7 person board – comprising 6 non-executives (3 VAALCO and 3 TransGlobe) and CEO of VAALCO> Andrew Fawthrop – non-executive Chair of VAALCO
Management Team & Employees	<ul style="list-style-type: none">> George Maxwell – CEO and Director of VAALCO, Ron Bain – CFO of VAALCO> Combination of exceptionally strong teams, with complementary skills across Egypt, Canada, Gabon & Equatorial Guinea> Randy Neely, Edward Ok, and Geoff Probert expected to remain with the business through a 3-6 month transition period> TransGlobe teams in Egypt and Canada provide a skillset applicable to the entire combined portfolio
Listings	<ul style="list-style-type: none">> Continued under the name VAALCO, retaining only NYSE and LSE listings under the ticker: “EGY”
Timetable	<ul style="list-style-type: none">> VAALCO and TransGlobe Shareholder Votes – Q3/Q4 2022> Completion – expected Q3/Q4 2022

⁽¹⁾ Calculated based on each company's vested outstanding share as of the date of the Arrangement Agreement as at 13 July 2022

⁽²⁾ Calculated as the volume weighted average price for the 30 preceding trading days for VAALCO (US\$ 32/share) and TransGlobe (US\$40/share) as at 13 July 2022

Accelerating Shareholder Returns and Value Growth

Creating a world-class African-focused E&P supporting sustainable shareholder returns and growth



Complementary businesses creating a diversified, African-focused E&P

Complementary asset base spanning Gabon, Egypt, Equatorial Guinea and Canada, diversifying production and revenue



Robust net cash balance sheet providing a strong foundation for meaningful shareholder returns

Significant cash distribution: US\$0.25/share through cycle annual dividend and up to US\$0.27/share equivalent post-completion buyback ⁽¹⁾



Step change in production and cash flows support sustainable returns and growth

Near doubling of production and synergy potential support significant cash generation for shareholder returns and growth investment



Material reserves and production with a high quality inventory of multi-year investment options

Significant 1P and 2P (NRI) reserve base of 32 and 51 mboe with mid-point 2022 guidance production of 18.4 mboe/d ⁽²⁾



Enlarged scale enhances investment proposition for the global capital markets

Scale and profile of combined group promotes increased market visibility and a significant uplift in trading liquidity



Proven team with an established track record of value creation

Combines two companies with a strong record of value creation and returns, with both share prices gaining 400%+ over the past 2 years

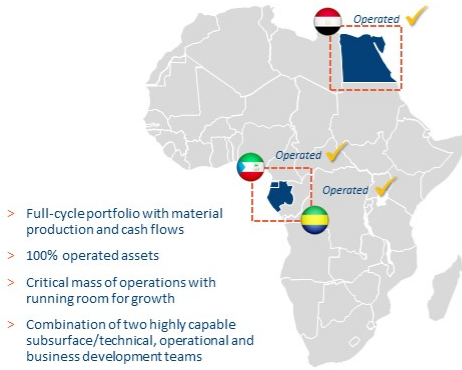
⁽¹⁾ Declaration of dividends and terms of the buyback are subject to board approval. Equivalent dividend and buyback value per share calculated as 155 million value divided by the enlarged share capital of ~308 million based on each company's vested outstanding shares as of the date of the arrangement agreement.
⁽²⁾ Aggregated figure prepared by management and not reviewed by competent prices. Reserve figures of VAALCO and TransGlobe are prepared under different standards and may not be directly comparable. VAALCO's 1P reserves estimates have been prepared in accordance with U.S. Standards. VAALCO's 2P reserves estimates represent proved plus probable estimates as prepared in accordance with the definitions and guidelines set forth in the 2018 Petroleum Resources Management Systems approved by the Society of Petroleum Engineers using VAALCO management assumptions. TransGlobe's 1P and 2P reserves estimates were determined in accordance with standards set out in Canadian Oil and Gas Evaluation Handbook ("COSEH") and the reserves definitions contained in NI 31-103 Standards of Disclosure for Oil and Gas Activities ("NI 31-103"). See "Disclaimer" Caution to U.S. and Canadian Investors Regarding Management's Reserve Estimates" for more information.

A Diversified African-Focused E&P

Complementary businesses coming together to create a stronger, Pan-African entity



A Growing, Diversified Footprint in Africa



- > Full-cycle portfolio with material production and cash flows
- > 100% operated assets
- > Critical mass of operations with running room for growth
- > Combination of two highly capable subsurface/technical, operational and business development teams

Gabon (offshore) Etame Marin Permit WI 58.8% (Operated)	P D A E 2022E Prod (NRI) ⁽¹⁾⁽²⁾ : 9.0-9.5 mboepd 1P Reserves (NRI) ⁽³⁾ : 11.2 mmbbl 2P Reserves (NRI) ⁽³⁾ : 17.0 mmbbl Acreage (gross): 46,300
Egypt (onshore) Eastern Desert WI 100% (Operated) South Ghazalat WI 100% (Operated)	P D A E 2022E Prod (NRI) ⁽¹⁾⁽²⁾ : 6.6-7.2 mboepd 1P Reserves (NRI) ⁽³⁾ : 12.4 mmbbl 2P Reserves (NRI) ⁽³⁾ : 17.4 mmbbl Acreage (gross): 76,205
Equatorial Guinea (offshore) Block P WI 45.9% ⁽⁴⁾ (Operated)	P D A E Completed feasibility study of Venus standalone project in 2021 and proceeding to a field development plan Acreage (gross): 57,300
Canada (onshore) Harmattan WI 94.5% (Operated)	P D A E 2022E Prod (NRI) ⁽¹⁾⁽²⁾ : 2.1-2.3 mboepd 1P Reserves (NRI) ⁽³⁾ : 8.4 mmbbl 2P Reserves (NRI) ⁽³⁾ : 16.9 mmbbl Acreage (gross): 52,425

P Production D Development A Appraisal E Near-Field Exploration

Supported by High-Quality Canadian Acreage



- > Majority operated assets
- > Significant near-term growth potential through large drilling inventory
- > Highly cash generative in current price environment
- > High-quality technical team supporting the wider business
- > North American drilling, completion and unconventional technologies with applications across broader portfolio

Building scale and diversification with an operated, full-cycle, low-risk, high return portfolio

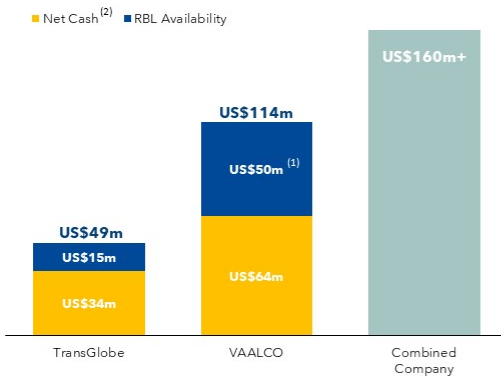
(1) Net Revenue Interest ("NRI") share of volumes on a working interest basis, after deduction of royalty.
 (2) 2022 guidance production. Transocean's 100% production guidance based on management estimate on royalty and tax rate used for calculation.
 (3) Reserve estimates prepared in accordance with US Standards. See "Disclaimer" Caution to U.S. and Canadian Investors Regarding Management's Reserve Estimates" for more information.
 (4) 2P reserves represent proved plus probable estimates after deduction of royalties and prepared in accordance with the definitions and guidelines set forth in the 2018 Petroleum Resource Management Systems approved by the Society of Petroleum Engineers. See "Disclaimer" Caution to U.S. and Canadian Investors Regarding Management's Reserve Estimates" for more information.
 (5) Net reserves are Transocean's working interest share after deduction of royalties. Net reserves in Egypt include Transocean's share of future cost recovery and production sharing, all after the government's royalty interest but before income taxes payable. Under this method, a portion of the reported reserves will increase as oil prices decline and vice versa to the extent necessary to achieve cost recovery through production of gas. Reserves were determined in accordance with the practices set out in OGDRI and the reserves definitions contained in the 2018 PSC. See "Disclaimer" Caution to U.S. and Canadian Investors Regarding Management's Reserve Estimates" and "Disclaimer—Oil & Gas" for more information.
 (6) Participating interest of 49.8% (increase of 2.2%) which is awaiting Minister of Mines and Hydrocarbons approval of Amendment 4 of the PSC.

Debt Free Balance Sheet Underpins a Robust Financial Framework

Stronger foundation to fund enhanced shareholder returns and growth

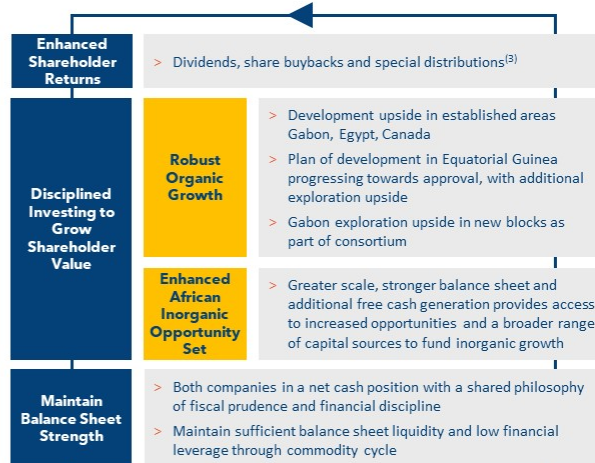


Expanded Liquidity at 31 March 2022 (US\$m)



- > VAALCO has ~US\$50m undrawn RBL with Glencore
- > TransGlobe has ~US\$18m RBL with ATB (~US\$3m drawn)

Financial Priorities for the Combined Company



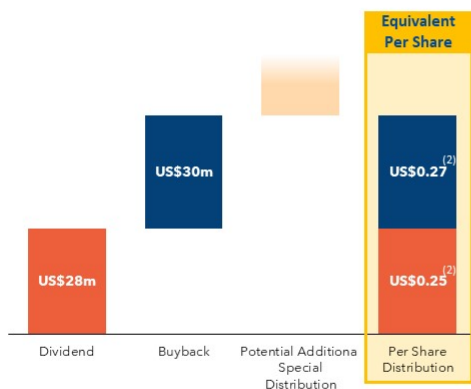
(1) Includes proceeds from VAALCO's March 2022 offering of US\$446 million, which were received in April 2022.
 (2) Non GAAP or Non IFRS financial measure, as applicable. Non GAAP and/or other financial measures (including supplemental financial measures) do not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. See appendix for reconciliation to U.S. GAAP or IFRS. See "Disclosure" for more information.
 (3) Declaration of dividends and/or share buybacks are subject to board approval.

Returning Meaningful Value to Shareholders

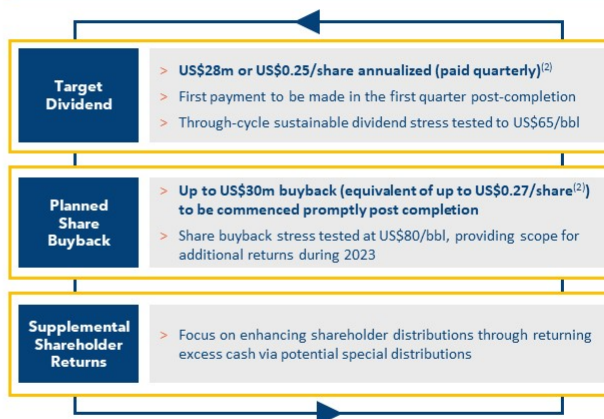
Better positioned for expanded and more sustainable through-cycle shareholder returns



Near-Term Cash Returns to Shareholders (US\$m)⁽¹⁾



Shareholder Return is Paramount for the Combined Company⁽¹⁾



Enhanced scale, diversification and a stronger combined balance sheet enable increased and more sustainable shareholder returns than would otherwise be possible on a standalone basis

⁽¹⁾ Declaration of dividends and terms of the buyback are subject to board approval.
⁽²⁾ Equivalent dividend and buyback value per share calculated as US\$ million value divided by the enlarged share capital of ~108 million based on each company's vested outstanding shares as of the date of the arrangement agreement.
⁽³⁾ Based on each company's vested outstanding share capital as of the date of the arrangement agreement.

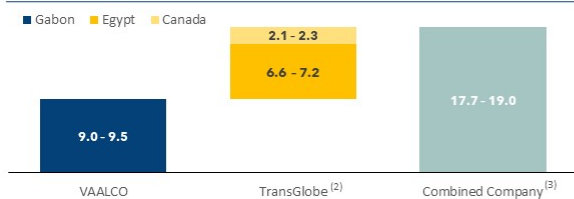
Strong Production Underpins Cash Flow Generation

Combination diversifies production and income streams, creating a business with critical mass



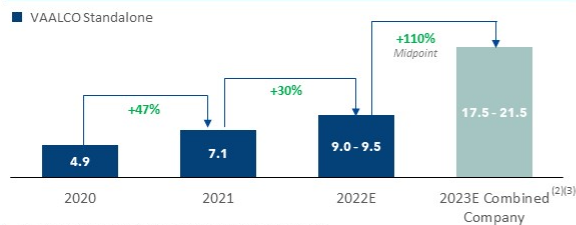
2022 Full Year Daily Production Guidance (NRI)⁽¹⁾ (mboe/d)

96% Oil & Liquids

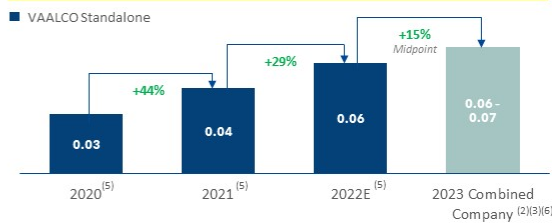


- > Potential to expand production in 2023 and beyond by high grading high return opportunities in Gabon, Egypt, Equatorial Guinea and Canada
- > Increased production allows for greater cash flow generation and enhances self funding of future production opportunities
- > Enhanced cash flow generation could allow:
 - Increased and sustainable stockholder returns
 - More optionality in capital allocation
 - Acceleration of organic and inorganic growth opportunities

VAALCO Production Growth and 2023 Outlook⁽⁴⁾ (NRI)⁽¹⁾ (mboe/d)



VAALCO Production Growth (NRI)⁽¹⁾ and 2023 Outlook (boe/share)



(1) Net Revenue Interest (NRI) share of volumes on a working interest basis, after deduction of royalty.
 (2) TransGlobe NRI production guidance based on management estimates of the royalty and tax rates used for calculation.
 (3) Aggregated figure prepared by management and not reviewed by competent person. Production figures of VAALCO and TransGlobe are prepared under different standards and may not be directly comparable. See "Disclaimer - Caution to U.S. and Canadian Investors Regarding Management's Reserve Estimates" for more information.
 (4) Based on management outlooks. Guidance for 2023 will be made available at a later time.
 (5) Per share amounts for 2020 and 2021 are calculated using outstanding shares of VAALCO as of the applicable year end. Per share amount for 2022E is calculated using VAALCO's vested outstanding shares as of the date of the arrangement agreement.
 (6) Per share amount for Combined Company 2023E is calculated using each company's vested outstanding shares as of the date of the arrangement agreement.

Combination Supports Significant Adjusted EBITDA Growth

Building size and scale to accretively grow value and support an enhanced return profile



Enhanced Adjusted EBITDA generation could allow:

- 📧 Increased and sustainable dividends
- 📧 Expanded share buybacks
- 📧 More optionality in capital allocation
- 📧 Acceleration of organic growth opportunities
- 📧 Larger inorganic acquisition targets

Preliminary outlook provided is not intended as guidance and is based on:

- > Outlook provides indicative estimates based on various flat Brent oil price⁽¹⁾ assumptions and the strip curve as at the last practicable date ahead of the 14 July 2022 announcement
- > Includes business plans of both companies for 2022 and 2023 before any post-transaction optimization
- > Post-closing, VAALCO will conduct a detailed capital allocation ranking exercise to optimize future investment and maximize returns

VAALCO Adjusted EBITDA⁽¹⁾ (US\$m)



VAALCO Adjusted EBITDA per share⁽¹⁾⁽²⁾ (US\$/share)



Optimizing future Combined Company capital allocation and extracting medium-term cost synergies is expected to further enhance value accretion beyond the current outlook

⁽¹⁾ Non-GAAP or Non-IFRS financial measure. Non-GAAP and other financial measures (including supplemental financial measures) do not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. See appendix for more information. Adjusted EBITDA is earnings before interest, taxes, depreciation and amortization, adjusted to reflect the impact of hedging but before non-cash or unusual items, such as depletion and non-cash income and expenses. Preliminary outlook Adjusted EBITDA in 2023 assumes US\$4 million in near-term cost synergies.
⁽²⁾ Per share amounts for 2020 and 2021 are calculated using outstanding shares of VAALCO as of the applicable year end. Per share amount for standalone 2022E VAALCO is calculated using VAALCO's vested outstanding shares as of the date of the arrangement agreement. Per share amount for 2022E is calculated using each company's vested outstanding shares as of the date of the arrangement agreement and the 0.6727 exchange ratio.
⁽³⁾ Assumes WTI reference oil price trades at a US\$/bbl discount to Brent, and the AECO C gas forward curve 2020, 2021 and until June 2022 is based on actual average monthly pricing of each of the reference commodity prices.

Adding Future Value Through Synergies

Unlocking additional value through cost reductions and operational optimization through the use of best practices



Immediate Cost Synergies

Within 6 months post closing

- > Cancel TransGlobe's listings on TSX, Nasdaq, AIM
- > Reduce Board and Executive positions
- > Consolidation of advisors
- > Extract cost savings in service contracts across the business given combined scale

Annualized estimated savings

US\$3-5 million



Medium-Term Cost Synergies

18-24 months post closing

- > Automation, digitalization and process led back office efficiencies
- > Supply chain led contracting efficiencies on drilling and capital projects

Annualized estimated savings

US\$2-4 million



Operational Synergies

- > Combination enhances engineering and reservoir expertise, including onshore and offshore operations and development
- > Expands fracing knowledge and potential operational applications

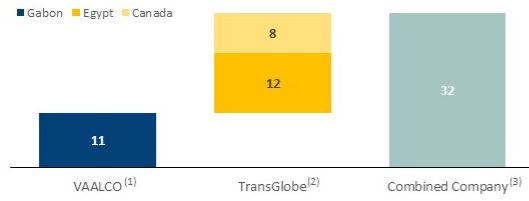
Combined Company could capture cost synergies of up to US\$30 to US\$50 million through 2030 that would otherwise not be possible on a standalone basis

A Reserve Base to Support Long-Term Growth

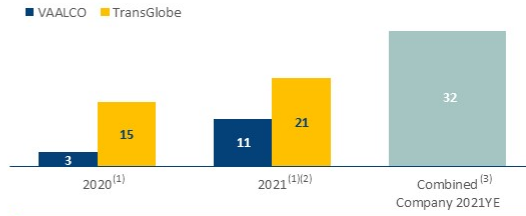
Significant value within the existing reserves base, and a track record of growth for shareholders



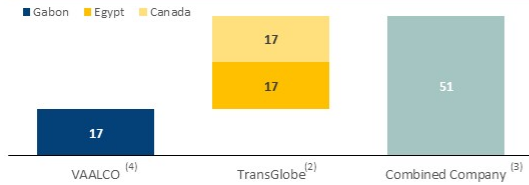
2021YE Proved Reserves (NRI) (mmboe) - 92% Oil



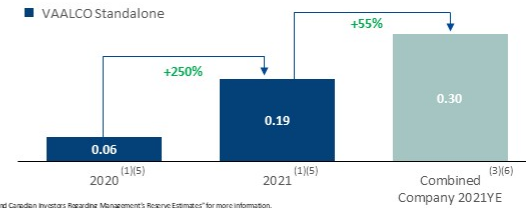
Proved Reserves Growth (NRI) (mmboe)



2021YE 2P Reserves (NRI) (mmboe) - 90% Oil



VAALCO Proved Reserves Growth (NRI) per share (mmboe/share)



(1) Net Revenue Interest ("NRI") share volumes on a working interest basis, after deduction of royalty. Reserve estimates prepared in accordance with U.S. Standards. See "Disclaimer - Caution to U.S. and Canadian Investors Regarding Management's Reserve Estimates" for more information.
 (2) Net reserves are TransGlobe's working interest share after deduction of royalties. Net reserves in Egypt include TransGlobe's share of lease, cost recovery and production sharing of other the government's royalty interest but before income taxes payable. Under this method, a portion of the reported reserves will increase as oil prices decline, and vice versa to the extent necessary to achieve cost recovery change with prevailing oil prices. Reserves were determined in accordance with standards set out in COGEN and the reserves definitions contained in NI 31-101. See "Disclaimer - Caution to U.S. and Canadian Investors Regarding Management's Reserve Estimates," and "Disclaimer - Oil & Gas Advertisements Relating to TransGlobe" for more information.
 (3) Aggregating figures prepared by management and not reviewed by competent person. Reserve figures of VAALCO and TransGlobe are prepared under different standards and may not be directly comparable. See "Disclaimer - Caution to U.S. and Canadian Investors Regarding Management's Reserve Estimates," for more information.
 (4) 2P reserves represent proved (or probable) estimates are prepared in accordance with the definitions and guidelines set forth in the 2020 Petroleum Resources Management Systems approved by the Society of Petroleum Engineers using VAALCO management assumptions. See "Disclaimer - Caution to U.S. and Canadian Investors Regarding Management's Reserve Estimates," for more information.
 (5) Per share amounts for 2020 and 2021 are calculated using outstanding shares of VAALCO as of the applicable year end.
 (6) Per share amount for Combined Company 2021E is calculated using each company's vested outstanding shares as of the date of the arrangement agreement.

Significant Upside in the Enlarged Resource Base

Full-cycle combined portfolio supports long-term reserve and production growth, and facilitates improved capital ranking



RESOURCES



Block G & H Exploration

- > Provisionally awarded new exploration blocks with resource potential near Etame field



Longer-Term Egypt Resource Conversion

- > Contingent resource base to underpin long-term growth opportunities in Egypt

RESERVES



Etame Drilling

- > Conversion of identified resources to reserves through increased long-term drilling
- > Additional drilling on structure to unlock further reserves



Block P POD Approval

- > Potential for near-term 1P reserve additions through plan of development ("POD") approval



Egypt Reserve Additions

- > Near-term opportunities to add Egyptian reserves

PRODUCTION



Etame Optimization & Drilling

- > Operational optimization to maximize recovery
- > Infill drilling 2P reserves to add incremental production



Egypt Infill Drilling / Completions

- > Adding production through near term opportunities in Egypt



Accelerating Canadian Drilling

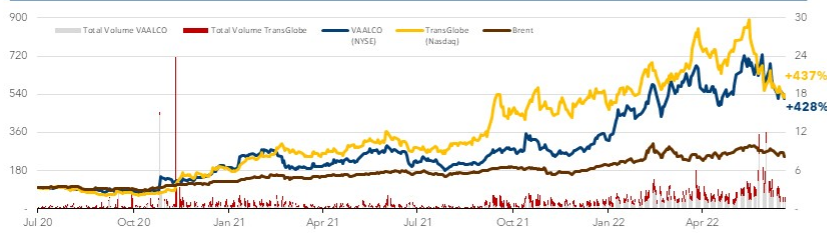
- > Ability to accelerate drilling and deliver additional production at higher commodity prices

Enhanced Proposition for Global Capital Markets

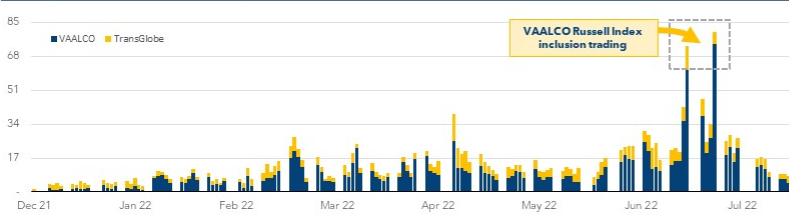
Bringing together two companies with a strong equity market track record



VAALCO and TransGlobe Share Price 2-Year Performance vs. Brent⁽¹⁾⁽²⁾



Daily Value Traded 2022YTD (US\$m)⁽³⁾



Source: FactSet as at 31 July 2022

(1) VAALCO, TransGlobe share price and Brent performance are rebased to 100

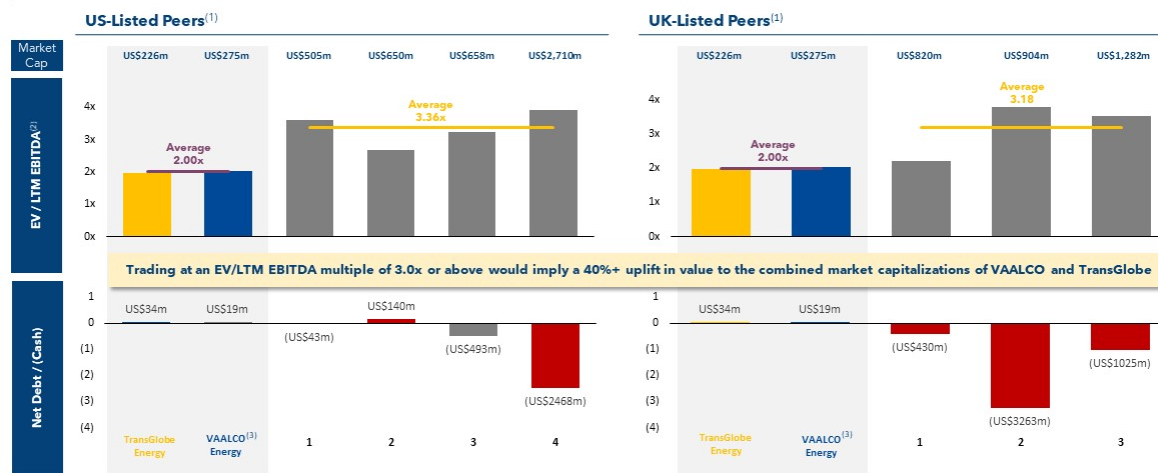
(2) Pricing represents VAALCO's NYSE listing and TransGlobe's Nasdaq listing

(3) Total volumes represent daily exchange trading volumes for VAALCO's listings on LSE and NYSE and TransGlobe's listings on TSX, AIM, and Nasdaq respectively, in million shares

- > Combination brings together two E&Ps with similar strong equity market performance
- > Combined Company better equipped to deliver sustainable growth and returns
- > Enhanced scale provides increased market visibility in E&P capital markets
- > Additional trading liquidity with a larger number of shares traded
 - >US\$15m average daily trade across both companies in the 6 months pre-announcement
- > VAALCO's NYSE and LSE listings promote transatlantic trading
- > Continued inclusion in the Russell Index in the US, promoting liquidity and index demand

Potential for Increased Trading Multiples

Building size and scale to accretively grow value and support an enhanced return profile



Combination positions the Combined Company among larger peers that benefit from higher cash flow multiples; Combined Company further differentiated by a net cash balance sheet

Source: FitchIst at 7 August 2022
 (1) US peer group includes: Ripley, Bapco/Don Periman, SandRidge Energy, W&T Offshore, Kosmos Energy. UK peer group includes: Scepter Energy, Tullow Oil, Diversified Energy Company
 (2) Last twelve months LTM data as of March 31, 2022
 (3) Excludes proceeds from VAALCO's March 2022 offering of US\$446 million, which were received in April 2022.

Hedging Strategy Protects Cash Flow Generation

Opportunistically adding to portfolio to protect cash flow



VAALCO Crude Oil Hedges as of July 2022

Settlement Period	Type of Contract	Index	Barrels	Weighted Average Price
July 2022 - Sept. 2022	Swaps	Dated Brent	375,000	\$76.53
Oct. 2022 - Dec. 2022	Costless Collars	Dated Brent	326,000	Floor US\$70 / Ceiling US\$122

TransGlobe Natural Gas Hedges as of July 2022

Settlement Period	Type of Contract	Remaining Volume (GJ)	Daily Volume (GJ)	Bought Put / Sold Call (C\$/GJ)
July 2022 - Sept. 2022	Collars	358,800	3,900	2.50 / 3.10
Oct. 2022 - Dec. 2022	Collars	358,800	3,900	2.50 / 4.00

- > VAALCO entered into new costless collars in July 2022
- > Protects shareholder return and investment commitments to the market in the near-term
- > No hedges currently in place beyond 2022
- > No hedging required if RBLs are undrawn

Transaction Timeline

Completion expected in Q3/Q4 2022



(1) Subject to shareholder approval and satisfaction of other closing conditions.

Experienced Team to Deliver Combination Benefits

Demonstrable track record of creating and delivering value to shareholders



VAALCO Executives



George Maxwell
Chief Executive Officer and Director

- > >25 years' experience in O&G
- > Founded Eland Oil & Gas Plc in 2009, served as CEO and Board member
 - Eland admitted to trading on AIM for £134.9m market cap and sold to Seplat Petroleum Development Company Plc in 2019 for £382m
 - Grew production at flagship asset, OML40, from zero to over 22 mboepd (gross) when sold
- > Previously Nigerian general manager for Addax Petroleum, sold to Sinopec in 2009 for US\$7.2 billion
- > Additional previous experience in Africa, Europe and North America, among other regions
- > Significant experience in executive leadership and as E&P board member



Ron Bain
Chief Financial Officer

- > >25 years' O&G experience
- > Experience spans capital markets, statutory reporting, taxation and compliance in numerous African countries
- > Previously CFO and board member for Eland Oil & Gas Plc, prior to its sale to Seplat Petroleum Development Company Plc
- > Previously Finance Director at Subsea Services and prior to this held roles at BJ Services and Baker Hughes
- > Roles include leading financial integration planning for Baker Hughes during the GE Oil & Gas merger

Combined Company CEO and CFO

TransGlobe Executives



Randy Neely
President and CEO



Geoff Probert
VP and COO



Eddie Ok
VP and CFO

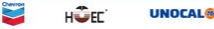
TransGlobe team expected to continue for a 3-6 month transition period to support business integration and stability

Strengthened Oversight and Governance

Combined Board drawing on both companies to provide stewardship and continuity of independent oversight



Andrew L. Fawthrop
Chairman



George Maxwell
Chief Executive Officer



Cathy Stubbs
Director



David Cook
Director



Edward LaFehr
Director



Timothy Marchant
Director



Fabrice Nze-Bekale
Director



Independent Non-Executive Directors



ASSET OVERVIEWS

Creating a Diversified African E&P Business
Supporting Sustainable Growth & Shareholder Returns

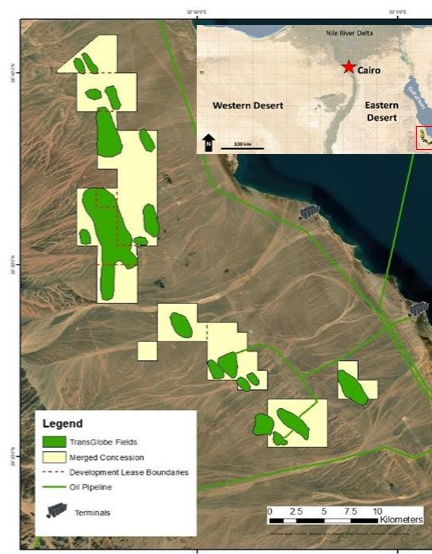
Egypt: Eastern Desert Merged Concession

Newly merged concession offering attractive fiscal terms to enable further development

TransGlobe 100% WI Operator

Asset Overview

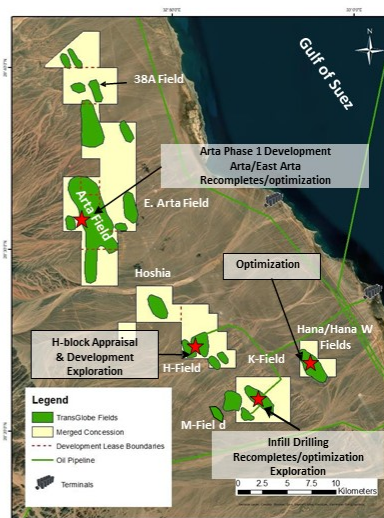
- > Located onshore in Egypt's Eastern Desert with 76,205 gross acreage position
- > Three previous PSCs were combined into one concession, ratified in early 2022
 - 20-year (15-year primary + 5-year option) contract period
 - Improved fiscal terms to support future growth
 - US\$50m minimum investment in each five-year period for the 15-year primary term
 - US\$66m cost of merged concession (US\$26m paid in 2022, four annual payments of US\$10m remaining) as compensation to EGPC for reduced government take
 - US\$67.5m receivable due to effective date adjustment
- > 100% heavy oil production (~21° API gravity)
 - All production sent by pipeline to coastal storage facility where it is stored pending periodic liftings
 - Crude sold to both third parties and Egyptian government with payments received in USD and offsets (EGPC owned services and supply companies)



Egypt: Positioned for Long-Term Value Creation

Extended field life supports long term sustainable investment, including ESG projects

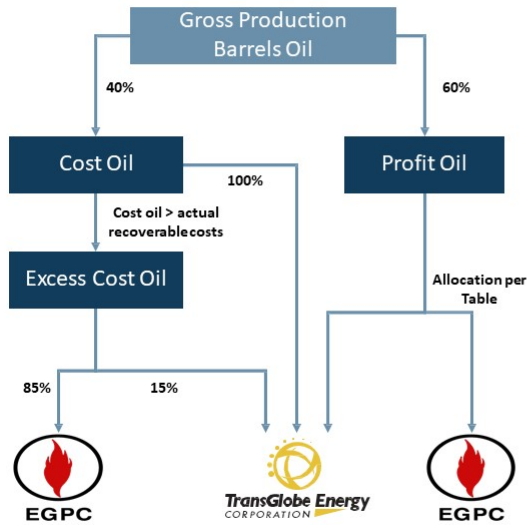
- > Drilled over 250 wells in past 10+ years
- > 2P reserves (NRI) of 17.4 mmbbl; 1P (NRI): 12.4 mmbbl⁽¹⁾
 - Including South Ghazalat 2P reserves (NRI) of 0.2 mmbbl; 1P reserves (NRI) of 0.2 mmbbl
- > 2022E NRI production forecast at 6.6 – 7.2 mboe/d
- > Positioned for long-term value creation, with new fiscal terms allowing the assets to remain investible at lower oil prices
 - Advancing primary, secondary, and tertiary development programs to increase recoveries and production
 - Initial projects including K-field and Arta are being executed currently
 - Portfolio of incremental projects identified for maturation
- > Resource recovery opportunities could support a sustainable profitable runway over a 20-year period



⁽¹⁾ Net reserves are TransGlobe's working interest share after deduction of royalties. Net reserves in Egypt include TransGlobe's share of future cost recovery and production sharing after the government's royalty interest but before income relating to income taxes, if applicable. Under this method, a portion of the reported reserves will increase as oil prices decrease (and vice versa) as the benefits necessary to achieve cost recovery change with prevailing oil prices. Reserves were determined in accordance with the standards set out in COGEH and the reserves definitions contained in NISL 201. See "Disclaimer - Oil & Gas Advisories Relating to TransGlobe" for more information.

Egypt: Eastern Desert PSC Terms

Improved PSC terms enhance sustainable future investment



Brent Price US\$/bbl	Production (quarterly average)									
	≤ 5,000 Bopd		> 5,000 Bopd and ≤ 10,000 Bopd		> 10,000 Bopd and ≤ 15,000 Bopd		> 15,000 Bopd and ≤ 25,000 Bopd		> 25,000 Bopd	
	EGPC %	TG %	EGPC %	TG %	EGPC %	TG %	EGPC %	TG %	EGPC %	TG %
≤ 40 US\$	67	33	68	32	69	31	70	30	71	29
> 40 and ≤ 60 US\$	68	32	69	31	70	30	71	29	72	28
> 60 and ≤ 80 US\$	70	30	71	29	72	28	74	26	76	24
> 80 and ≤ 100 US\$	72.5	27.5	73	27	74	26	76	24	78	22
> 100 US\$	75	25	76	24	77	23	78	22	80	20

- > **Cost Oil** – Company PSC expenditures are recovered out of 40% of all petroleum produced
- > **Profit Oil** – Of the remaining 60% of all petroleum produced (after cost recovery) the production is shared between the Company and EGPC based on the above table
- > **Excess Cost Oil** – If Cost Oil above exceeds the actual allowable recoverable costs, this is Excess Cost Oil and is shared between the Company and EGPC (TransGlobe 15%)
- > **Taxes** - Captured in the net government entitlement oil share due to EGPC (no additional TransGlobe burden)
- > **TransGlobe Oil Entitlement** is the sum of Cost Oil, Profit Oil and Excess Cost Oil (if any)

Egypt: Effective Date Adjustment



Value benefit to TransGlobe is captured in recommended exchange ratio

Calculation of Amount	<ul style="list-style-type: none">> Upon execution of the Merged Concession, there was an effective date adjustment owed to TransGlobe for the difference between historic and Merged Concession agreement commercial terms applied against Eastern Desert production from the effective date of February 1, 2020> TransGlobe has recognized a receivable of US\$67.5m at March 31, 2022, which represents the amount expected to be received from EGPC based on historical realized prices
Payment by Egyptian Authorities	<ul style="list-style-type: none">> The quantum of the effective date adjustment is currently being finalized with EGPC, the establishment of a final amount may be in the form of volume and / or value> Furthermore, the schedule for realizing value from the effective date adjustment is yet to be finalized and is likely to materialize over time in the form of offsets for materials and services provided to TransGlobe from EGPC owned / sister companies, through the receipt of Egyptian pounds and through possible overlifting from ongoing operations rather than a one-off payment by EGPC
Treatment in Business Combination Valuation	<ul style="list-style-type: none">> The entire balance of US\$67.5m has been captured in the business combination relative valuation analysis and implied exchange ratio, with TransGlobe's shareholders receiving the full and appropriate benefit of this value item

Canada: Harmattan Cardium Assets

A core play in the Western Canadian Sedimentary Basin (WCSB) with substantial potential remaining

Asset Overview

- > Cardium assets in the WCSB covering 52,425 gross acres

WI Production

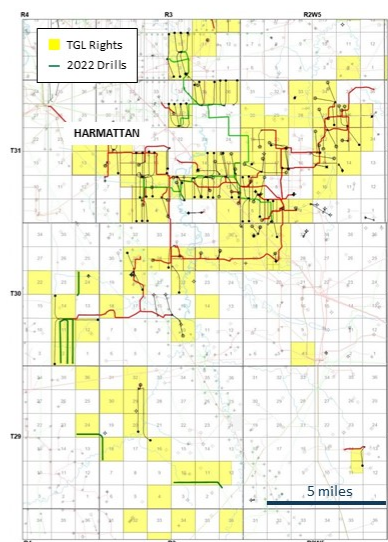
- > 2022 Q1 production (NRI) of 2.1 mboepd⁽¹⁾
- > 2022 average production guidance (NRI) of 2.1 mboepd to 2.3 mboepd⁽²⁾⁽³⁾⁽⁴⁾

Reserves – 31 December 2021

- > 1P – 8.4 mmboe (NRI)⁽⁵⁾, 9.8 mmboe (WI)⁽²⁾⁽³⁾
- > 2P – 16.9 mmboe (NRI)⁽⁵⁾, 19.4 mmboe (WI)⁽²⁾⁽³⁾
 - ~ 70% light oil and liquids on a Boe basis

Development Plan

- > Plans to drill and complete 7 wells at South Harmattan in 2022
- > Medium-Term (2023+): focus on production maintenance and free cash flow growth across Harmattan sites
- > Potential to drill in excess of 80 locations over the next 4-6 years⁽⁶⁾
- > Synergies through centralized oil facility, owned gas infrastructure and a sales oil pipeline to reduce trucking



(1) Includes 822 boepd of light and medium crude oil, 768 boepd of natural gas liquids, and 4,598 Mcf/d of conventional natural gas.
(2) Reserve and production estimates were determined in accordance with the standards set out in CIBC and the reserves definitions contained in NI 31-101. See "Disclaimer" section to U.S. and Canadian Investors Regarding Management's Reserve Estimates" and "Disclaimer – Oil & Gas Advisories Relating to TransCanada" for more information.
(3) Not Working Interest ("WI") share of volumes before deduction of royalty.
(4) 2022 guidance production.
(5) Not revenue interest ("NRI") because of TransCanada's working interest share after deduction of royalties.
(6) See "Disclaimers – Oil & Gas Advisories Relating to TransCanada".

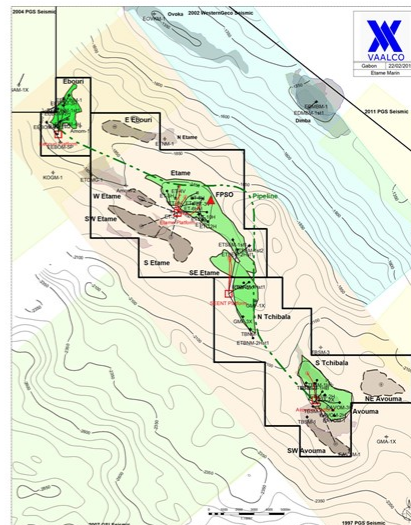
Gabon: Etame Offshore License

Production from multiple reservoirs, wells and platforms, with recovery factors approaching or exceeding 50%

VAALCO	Sinopec (Addax)	PetroEnergy
58.8% WI⁽¹⁾ Operator	31.4% WI	2.3% WI

Asset Overview

- > Operator of Etame licences in Gabon with 63.6%⁽¹⁾ participating interest
- > Located in prolific South Gabon basin in shallow water (~85m)
- > 46,300 gross acres; 27,200 net acres
- > Significant production potential:
 - Produced ~126 gross mmbbl to date
 - Production grown from 4,853 NRI bbl/d in FY'20 to 9,500 NRI bbl/d in March '22
 - Stringent 1P reserves assumes no licence extension (2028), full abandonment expenditures (two subsequent 5-year extension options available post 2028)
- > 2P reserves (NRI) of 17.0 mmboe⁽²⁾
- > Numerous undrilled opportunities at moderate drilling depths (1,800m to 2,900m TVD) into known reservoirs



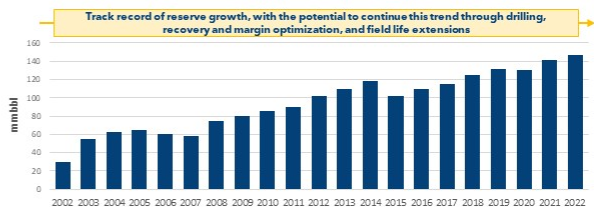
⁽¹⁾ Gabon working interest is net of Tullow carried interest, participating interest would be 63.6% and Net Revenue Interest (NRI) includes deductions for the Gabonese national government and Tullow carried interest (51.2%)
⁽²⁾ 2P reserves represent proved plus probable estimates after deduction of royalties and prepared in accordance with the definitions and guidelines set forth in the 2018 Petroleum Resources Management Systems approved by the Society of Petroleum Engineers using VAALCO management assumptions. See "Disclaimer" Caution to U.S. and Canadian Investors Regarding Management's Reserve Estimates," for more information

Etame: Track Record of Success

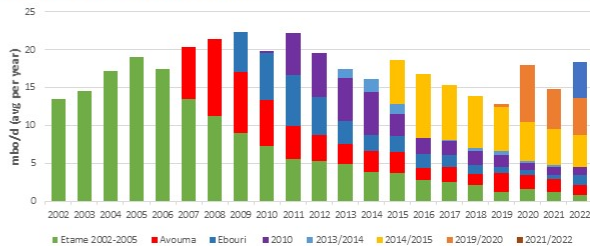
Growing production and reserves through the drill bit, PSC extensions, increasing margins and extending field life

- > Consistent acreage extensions and seven successful drilling programs over 20 years and a long track record of growing reserves
 - 80% exploration success rate
 - 92% overall drilling success rate
- > Production from horizontal wells can exceed 5,000 bopd, with limited pressure drawdown and recovery factors of up to 50% or more
- > Successful development wells in 2021/2022 ongoing
- > Potential multi-year reserves growth opportunity runway identified
 - Infill drilling (Gamba and Dentale sands)
 - Satellite field tie-backs (~5)
 - Reserve adds from two 5-year options to extend PSC beyond 2028
- > Material margin increase and field life extension through FSO production solution, expected online in Q3 2022
 - Storage and offloading costs to reduce by ~50%
 - ~US\$13-16 million net operational savings through life of field

Etame Marin: Gross Proved Estimated Ultimate Recovery⁽¹⁾



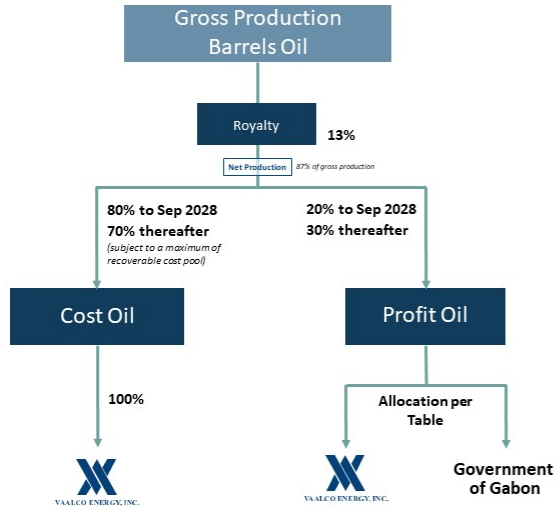
Etame Marin: Gross Production



⁽¹⁾ Represent gross proved estimates and prepared in accordance with the definitions and guidelines set forth in the 2020 Petroleum Resources Management Systems approved by the Society of Petroleum Engineers. See "Disclaimer" Caution to U.S. and Canadian Investors Regarding Management's Reserve Estimates," for more information.

Etame: PSC Terms

Attractive PSC with 80% cost recovery until 2028



Etame: Key Terms

Key Terms	
Government back-in - Tullow	7.5% carried through June 2026, 10% thereafter
Abandonment	Abandonment fund fully funded through operations
Production and Development Term	10 yrs through 2028 plus two 5 yr options

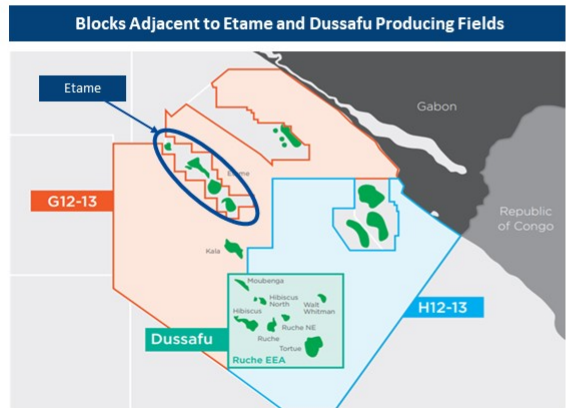
Etame: Profit Oil Split

Profit Oil Split (BOPD)	Contractor	State
0 - 10,000	50%	50%
10,000 - 25,000	45%	55%
25,000 +	40%	60%

Gabon: Provisional Offshore Blocks

Additional Upside in Gabon Outside of Etame Adjacent to Existing Discoveries

BW Energy	VAALCO	Panoro Energy
37.5% WI <small>Operator</small>	37.5% WI	25% WI



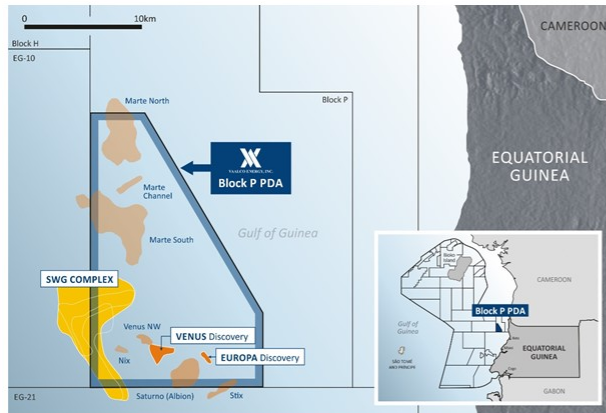
Asset Overview

- > Provisionally awarded two blocks in 12th Offshore Licensing Round in Gabon, subject to concluding PSC terms with the Gabonese government
 - Block G12-13 covers an area of 2,989 km² and block H12-13 covers an area of 1,929 km²
 - 2 exploration periods totaling 8 years which may be extended by two additional years
- > Adjacent to Etame and Dussafu, which are highly successful exploration, development and production projects
 - Etame operated by VAALCO; Dussafu operated by BW Energy
 - Over the past 20 years Etame and Dussafu have ~ 250 mmbbl discovered
- > During the first exploration period:
 - Intend to reprocess existing seismic and carry out a 3-D seismic campaign
 - Drilling one exploration well on each of the two blocks
 - In the event the consortium elects to enter the second exploration period, the consortium will be committed to drilling at least one exploration well on each block

Equatorial Guinea: Block P

Accelerating value creation through a new core area

VAALCO	Atlas	GEPetrol
45.9%⁽¹⁾ WI Operator	34.1% WI	20% WI Carried Interest



Material Development Opportunity with Further Upside

- > 57,300 gross acres; 26,300 net acres
- > All wells drilled on Block P have oil shows or oil sands
- > PSC license period is for 25 years from date of approval of a development and production plan
- > GEPetrol carried through to 1st production, to be recovered from their share of production
- > Two significant discoveries in Venus and Europa, with additional prospectivity in the SW Grande prospect
- > Discoveries on Block were made by Devon, a prior operator/owner

Current Status

- > In 2021, completed feasibility study of Venus standalone project
- > Plan of development pending EG government approval
- > EG approval would result in an addition to 1P reserves

(1) Participating interest of 45.87% inclusive of 2.87% which is awaiting Minister of Mines and Hydrocarbons approval of Amendment 4 of the PSC

Actively Delivering Tangible Growth

Combining two businesses with strong operational momentum and value creation catalysts



	Q3 '22	Q4 '22	Q1 '23	Q2 '23	Q3 '23	Q4 '23
Gabon - Etame						
FSO Commences Operations	→					
Well Drilling	N. Tchibala 2H-ST	Ebouri 04	Northeast 04/05/23			
Gabon & Equatorial Guinea						
Block G12-13: PSC Negotiations	→					
Block P: Field Development Plan	→					
Egypt - Western Desert						
K-Field Infill Drilling	11 infill wells to be drilled between Q3'22 and Q2'23					
K-Field Water Flood Test Well	1 WI well					
H-Field Water Flood Program			2 WI wells			
H-Field Infill Drilling					H-Field step-out well	
Arta Phase 1 Drilling / Completions	2 horizontal wells					
Arta Phase 2 Drilling / Completions				3 horizontal wells		
Canada						
Drilling	7-10 wells per year, with the ability to scale up or down with macro environment					

Note: Table is indicative only. Actual results may vary.

Environmental, Social, Governance

Cultural alignment and shared track record for environmental stewardship enhances Combined Company's ability to deliver an effective ESG agenda

Track Record and Commitment of Combined Group



- > Zero significant/reportable environmental incidents past 5/10 years
- > Scale enhances development of climate resilience strategies, including:
 - Defining investment programs to enhance emissions control
 - Targeted plan to reduce methane emissions
 - Access to renewable energy sources



- > Exceptional operational and process safety performance
- > Track record of significant socio-economic contributions to host countries:
 - Tax and royalty payments
 - Spend with national suppliers
 - Advanced workforce nationalization programs, in step with local content objectives
- > Social license to operate underpinned by proactive community and NGO engagement



- > Commitment to highest standard of transparent and ethical behavior
- > Zero reported policy non-compliance events/incidents
- > Full compliance with respective corporate governance codes to be maintained post-merger
- > Full alignment to SASB ESG reporting framework and engaged in TCFD program

(1) TRCF: Total Recordable Case Frequency
 (2) HSES: Health Safety and Environmental Services

VAALCO Select ESG Performance

- > Zero reportable hydrocarbon (oil) spills over c.20 year operating history
- > Undertook a comprehensive baseline study to manage and reduce carbon footprint
- > Launched wildlife inventory project in 2021
- > Contributed towards the installation of water wells, solar lights, and supply of medical equipment and rebuilding of schools in Gabon



TransGlobe Select ESG Performance

- > TRCF⁽¹⁾ reduction from 2.1 to 1.0 (2018-2021)
- > Currently assessing venting elimination and pump/heater power options
- > Established HSES⁽²⁾ & integrity management system
- > Supported the purchase of 50 new houses for families affected by floods and the purchase and delivery of Covid relief packages in Egypt





SUMMARY

Creating a Diversified African E&P Business
Supporting Sustainable Growth & Shareholder Returns

Accelerating Shareholder Returns and Value Growth

Creating a world-class African-focused E&P supporting sustainable shareholder returns and growth



Complementary businesses creating a diversified, African-focused E&P

Complementary asset base spanning Gabon, Egypt, Equatorial Guinea and Canada, diversifying production and revenue



Robust net cash balance sheet providing a strong foundation for meaningful shareholder returns

Significant cash distribution: US\$0.25/share through-cycle annual dividend and up to US\$0.27/share equivalent post-completion buyback⁽¹⁾



Step change in production and cash flows support sustainable returns and growth

Near doubling of production and synergy potential support significant cash generation for shareholder returns and growth investment



Material reserves and production with a high quality inventory of multi-year investment options

Significant 1P and 2P (NRI) reserve base of 32 and 51 mboe with mid-point 2022 guidance production of 18.4 mboe/d⁽²⁾



Enlarged scale enhances investment proposition for the global capital markets

Scale and profile of combined group promotes increased market visibility and a significant uplift in trading liquidity



Proven team with an established track record of value creation

Combines two companies with a strong record of value creation and returns, with both share prices gaining 400%+ over the past 2 years

⁽¹⁾ Declaration of dividends is subject to board approval. Equivalent dividend and buyback value per share calculated as US\$ million value divided by the enlarged share capital of ~208 million based on each company's vested-outstanding shares as of the date of the arrangement agreement.

⁽²⁾ Aggregated figure prepared by management and not reviewed by independent persons. Reserve figures of VAALCO and TransGlobe are prepared under different standards and may not be directly comparable. VAALCO's 2P reserves estimates have been prepared in accordance with U.S. Standards. VAALCO's 2P reserves estimates represent proved plus probable estimates as prepared in accordance with the definitions and guidelines set forth in the 2028 Petroleum Resources Management Systems approved by the Society of Petroleum Engineers using VAALCO management assumptions. TransGlobe's 2P and 1P reserves estimates were determined in accordance with standards set out in Canadian Oil and Gas Evaluation Handbook ("COSEB") and the reserves definitions contained in NI 31-103 Standards of Disclosure for Oil and Gas Activities ("NI 31-103"). See "Disclaimer" Caution to U.S. and Canadian Investors Regarding Management's Reserve Estimates" for more information.



APPENDIX

Creating a Diversified African E&P Business
Supporting Sustainable Growth & Shareholder Returns

Appendix

U.S.-GAAP / IFRS Reconciliation



Net Cash

		VAALCO ⁽¹⁾	TransGlobe ⁽¹⁾
Cash / Cash and cash equivalents	US\$m	18.94	37.25
Long-term debt	US\$m	-	(5.14)
Net cash	US\$m	18.94	34.11

Adjusted EBITDA

VAALCO (US GAAP) ⁽¹⁾		2021	2020
Net income (loss)	US\$m	81.8	(48.2)
Add back:	US\$m		
Impact of discontinued operations, net of tax	US\$m	0.1	0.1
Interest income, net	US\$m	(0.0)	(0.2)
Income tax expense (benefit)	US\$m	(22.2)	27.7
Depreciation, depletion and amortization	US\$m	21.1	9.4
Impairment of proved crude oil and natural gas properties	US\$m	-	30.6
Non-cash or unusual items:	US\$m		
Stock-based compensation	US\$m	2.5	0.1
Gain on Sasol Acquisition, net	US\$m	(5.2)	-
Other operating (income) expense, net	US\$m	0.4	1.7
Bad debt expense and other	US\$m	0.9	1.2
Adjusted EBITDA	US\$m	79.4	22.4

TransGlobe (IFRS) ⁽¹⁾		2021	2020
Net earnings (loss)	US\$m	40.3	(77.4)
Add back:			
Finance costs	US\$m	1.1	2.5
Income tax expense - current	US\$m	22.4	13.5
Depreciation, depletion and amortization	US\$m	25.4	31.0
Impairment (reversal) loss	US\$m	(31.5)	73.5
Non-cash or unusual items:			
Share-based compensation	US\$m	9.3	0.9
Adjusted EBITDA	US\$m	67.1	44.1

(1) Numbers may not sum due to rounding.

Appendix

Reserves & Production Disclosure



Reserve Disclosure⁽¹⁾

	VAALCO	TransGlobe	
	Gabon	Egypt	Canada
1P Net Revenue Interest	11.2 mmbbl (U.S.)	12.4 mmbbl	8.4 mmboe
1P Working Interest	12.9 mmbbl (UK)	18.2 mmbbl	9.8 mmboe
2P Net Revenue Interest	17.0 mmbbl (UK)	17.4 mmbbl	16.9 mmboe
2P Working Interest	19.5 mmbbl (UK)	26.7 mmbbl	19.4 mmboe

TransGlobe 2021 Production Split (Canadian Standards)

		Working Interest Production	Product Sales
Egypt crude oil	<i>bopd</i>	10,578	11,202
Canada light and medium crude oil	<i>bopd</i>	758	758
Canada NGL	<i>boepd</i>	740	740
Canada conventional natural gas	<i>mcf/d</i>	4,667	4,667

(1) Reserves and production figures of VAALCO and TransGlobe are prepared under different standards and may not be directly comparable. See "Disclaimer: Caution to U.S. and Canadian Investors Regarding Management's Reserve Estimates" for more information.

Disclaimers



No Offer or Solicitation
This investor presentation ("Presentation") shall not constitute a solicitation of a proxy, consent or authorization with respect to any securities or in respect of the proposed arrangement ("proposed arrangement") between VAALCO Energy, Inc. ("VAALCO") or TransGlobe Energy Corporation ("TransGlobe"). This Presentation is for information purposes only and shall not constitute a recommendation to participate in the proposed arrangement or to purchase any securities. This document does not constitute an offer to sell or issue, or the solicitation of an offer to buy, acquire or subscribe for any securities in any jurisdiction, nor shall there be any sale of securities in any states or jurisdictions in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of section 10 of the Securities Act of 1933, as amended (the "Securities Act"), or by means of a prospectus approved by the Financial Conduct Authority, or an exemption therefrom. This Presentation has been prepared to assist interested parties in making their own evaluation with respect to the proposed arrangement and for no other purpose. The information herein does not purport to be all-inclusive. Please refer to the arrangement agreement between TransGlobe and VAALCO dated July 13, 2022, plan of arrangement and other related transaction documents for the full terms of the arrangement. Please also refer to the "Important Information About the Proposed Arrangement and Where to Find It" paragraph below. Neither VAALCO, TransGlobe nor any of their respective affiliates have any obligation to update this Presentation. Although all information and opinions expressed in this Presentation were obtained from sources believed to be reliable and in good faith, no representation or warranty, express or implied, is made as to its accuracy or completeness. This Presentation contains preliminary information only, is subject to change at any time and is not, and should not be assumed to be, complete or to constitute all the information necessary to adequately make an informed decision regarding the proposed arrangement. Recipients of this Presentation should each make their own evaluation of VAALCO, TransGlobe and the proposed arrangement and of the relevance and adequacy of the information and should make such other investigations as they deem necessary.

Industry Data
Information contained in this Presentation concerning the industry and markets in which either VAALCO or TransGlobe operates, including any general expectation, market position, market opportunity and market size, is based on information from either management's estimates and research, as well as from industry and general publications, and research, surveys and studies conducted by third parties. In some cases, VAALCO and TransGlobe may not expressly refer to the sources from which this information is derived. Management estimates are derived from industry and general publications; research, surveys and studies conducted by third parties; VAALCO's and TransGlobe's knowledge of the industry; and assumptions based on such information and knowledge, all of which VAALCO and TransGlobe believe to be reasonable. In addition, assumptions and estimates relating to VAALCO, TransGlobe and their respective industries' future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors. These and other factors could cause their future performance and actual market growth, opportunity and size and the like to differ materially from the underlying assumptions and estimates. None of VAALCO, TransGlobe or their affiliates have independently verified any of the data from independent third party sources referred to in this Presentation or ascertained the underlying assumptions relied upon by such sources.

Trademarks and Trade Names
VAALCO and TransGlobe own or have rights to various trademarks, service marks and trade names that they use in connection with the operation of their respective businesses. This Presentation also contains trademarks, service marks and trade names of third parties, which are the property of their respective owners. The use or display of third parties' trademarks, service marks, trade names or products in this Presentation is not intended to, and does not imply, a relationship with VAALCO or TransGlobe, or an endorsement or sponsorship by or of VAALCO or TransGlobe. Solely for convenience, the trademarks, service marks and trade names referred to in this Presentation may appear without the "®", "TM" or "SM" symbols, but such references are not intended to indicate, in any way, that VAALCO or TransGlobe will not assert, to the fullest extent under applicable law, their rights or the right of the applicable licensor to these trademarks, service marks, and trade names.

Use of Projected Financial Information
This Presentation contains projected financial information with respect to VAALCO and TransGlobe, namely Adjusted EBITDA and expected production. Such projected financial information constitutes forward-looking information, and is for illustrative purposes only and should not be relied upon as necessarily being indicative of future results. The assumptions and estimates underlying such projected financial information are inherently uncertain and are subject to a wide variety of significant business, economic, competitive and other risks and uncertainties that could cause actual results to differ materially from those contained in the prospective financial information. See "Forward-Looking Statements" paragraph below. Actual results may differ materially from the results contemplated by the projected financial information contained in this Presentation, and the inclusion of such information in this Presentation should not be regarded as a representation by any person that the results reflected in such projections will be achieved. The independent auditors and the independent registered public accounting firms of VAALCO and TransGlobe have not audited, reviewed, compiled or performed any procedures with respect to the projected financial information for the purpose of their inclusion in this Presentation, and accordingly, none of them expressed an opinion or provided any other form of assurance with respect thereto for the purpose of this Presentation. No undertaking is made to update any projected financial information, except as required by applicable law.

Use of Non-GAAP and Other Financial Measures
Some of the financial information and data contained in this Presentation, such as Adjusted EBITDA and net cash, have not been prepared in accordance with United States generally accepted accounting principles ("GAAP") or with the International Standards of Financial Reporting ("IFRS"). VAALCO and TransGlobe believe these non-GAAP, non-IFRS, or other financial measures of financial results, respectively, provide useful information to management and investors regarding certain financial and business trends relating to each of VAALCO's and TransGlobe's financial condition and results of operations. VAALCO and TransGlobe believe that the use of these non-GAAP, non-IFRS, or other financial measures, respectively, provides an additional tool for investors to use in evaluating projected operating results and trends in and in comparing each of VAALCO's and TransGlobe's financial measures with other similar companies, many of which present similar non-GAAP, non-IFRS, or other financial measures to investors. Each of VAALCO's and TransGlobe's management does not consider these non-GAAP, non-IFRS, or other financial measures, respectively, in isolation or as an alternative to financial measures determined in accordance with GAAP or IFRS, as the case may be. The principal limitation of these financial measures is that they exclude significant expenses and income that are required by GAAP or IFRS to be recorded in VAALCO's and TransGlobe's financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which expenses and income are excluded or included in determining these financial measures. In order to compensate for these limitations, each of VAALCO's and TransGlobe's management presents non-GAAP financial or other financial measures in connection with GAAP or IFRS results.

Net Cash
Net cash is a non-GAAP financial measure that does not have any standardized meaning under IFRS/US GAAP and therefore may not be comparable to similar measures presented by other companies. TransGlobe considers net cash to be a key measure to assess TransGlobe's liquidity position at a point in time. The most directly comparable GAAP measure for net cash is cash and cash equivalents. Net cash is equal to total cash and cash equivalents less long-term debt. TransGlobe's net cash position at March 31, 2022 of US\$34 million was determined by taking the March 31, 2022 cash balance of US\$37 million, less long-term debt of US\$3 million at March 31, 2022. VAALCO's net cash position at March 31, 2022 of US\$19 million was equal to the March 31, 2022 cash and equivalent balance.

Caution to U.S. and Canadian Investors Regarding Management's Reserve Estimates

Aggregated reserves figures prepared by management and not reviewed by competent person as required by local requirements. Reserve estimates of VAALCO and TransGlobe are prepared under different standards and may not be directly comparable in all relevant respects. References to reserves in this Presentation represent crude oil and natural gas reserves only and, in each case, prepared by VAALCO management and TransGlobe management. VAALCO's 1P reserves, net of royalties, were prepared in accordance with United States Financial Accounting Standards Board's ("FASB") ASC Topic 932 – Extractive Activities – Oil and Natural Gas under U.S. GAAP and subpart 1200 of Regulation S-K promulgated by the SEC (the "U.S. Standards"). VAALCO's proved reserves "1P" on a working interest basis prior to deduction of royalties and VAALCO's proved plus probable "2P" reserves represent estimates prepared in accordance with the definitions and guidelines set forth in the 2018 Petroleum Resources Management Systems approved by the Society of Petroleum Engineers as of December 31, 2021 using escalated crude oil price and cost assumptions made by VAALCO's management. The U.S. Standards definitions of proved and probable reserves are different from the definitions contained in the 2018 Petroleum Resources Management Systems approved by the Society of Petroleum Engineers as of December 31, 2021 and from Canadian National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). As a result, VAALCO's 1P working interest and 2P reserves may not be comparable to U.S. Standards or Canadian standards. The U.S. Standards require United States oil and gas reporting companies, in their filings with the SEC, to disclose only proved reserves after the deduction of royalties and production due to others but permits the optional disclosure of probable and possible reserves in accordance with SEC's definitions. VAALCO's 2P reserves may differ from the U.S. Standards and Canadian standards definitions of proved and probable reserves. Management of VAALCO uses 1P working interest and 2P reserves as a measurement of operating performance because it assists management in strategic planning, budgeting and economic evaluations and in comparing the operating performance of VAALCO to other companies. Management of VAALCO believes that the presentation of VAALCO's 1P working interest and 2P reserves and of the combined reserves is useful to its international investors, particularly those that invest in companies trading on the LSE, in order to better compare such reserves information to other LSE-traded companies that report similar measures. VAALCO also believes that this information enhances its investors' and securities analysts' understanding of its business. However, 1P working interest and 2P reserves should not be used as a substitute for proved reserves calculated in accordance with the definitions prescribed by the SEC. In evaluating VAALCO's business, investors should rely on VAALCO's SEC proved reserves and consider 1P working interest and 2P reserves only supplementally.

Additionally, TransGlobe's reserves were determined in accordance with the standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGHI") and the reserves definitions contained in NI 51-101, as required for a Canadian reporting issuer under Canadian securities laws, and the 1P and 2P reserves estimates of VAALCO were not. The forecast of prices, inflation and exchange rates utilized in the TransGlobe reserves information were computed using the average of the forecasts of GLU Ltd., McDaniel & Associates Consultants Ltd. and Sproule Associates Limited each dated January 1, 2022. None of VAALCO, TransGlobe, or either of their respective qualified independent reserves evaluators has been involved in the preparation of the other company's reserves estimates. Neither of VAALCO's nor TransGlobe's independent reserves evaluators have been involved with the preparation of the combined reserves information in this document. In addition to being a reporting issuer in all provinces of Canada, TransGlobe is a registrant with the SEC but is permitted to present disclosure of its reserves information in accordance with the standards set out in COGHI and the reserves definitions contained in NI 51-101. Estimates of reserves and future net revenue made in accordance with COGHI and NI 51-101 will differ from corresponding measures prepared in accordance with the U.S. Standards and those differences may be material. COGHI and NI 51-101, for example, require disclosure of reserves and related future net revenue estimates based on forecast prices and costs, whereas the U.S. Standards require that reserves and related future net revenue be estimated using average prices for the previous 12 months and that the standardized measure reflect discounted future net income taxes related to VAALCO's operations. In addition, COGHI and NI 51-101 permit the presentation of reserves estimates on a "company gross" basis, representing TransGlobe's working interest share before deduction of royalties, whereas the U.S. Standards require the presentation of net reserve estimates after the deduction of royalties and similar payments. There are also differences in the technical reserves estimation standards applicable under NI 51-101 and, pursuant thereto, the COGHI, and those applicable under the U.S. Standards. NI 51-101 requires that proved undeveloped reserves be reviewed annually for retention or reclassification if development has not proceeded as previously planned, while the U.S. Standards specify a five-year limit after initial booking for the development of proved undeveloped reserves. Finally, the SEC prohibits disclosure of oil and gas resources in SEC filings, including contingent resources, whereas Canadian securities regulatory authorities allow disclosure of oil and gas resources. Resources are different than, and should not be construed as, reserves. The foregoing is not an exhaustive summary of Canadian, U.S. or U.K. reserves reporting requirements. The management information circular to be prepared for the TransGlobe shareholder meeting will contain COGHI compliant reserves disclosure for VAALCO and for TransGlobe and such information, including any combined reserves information contained therein, shall replace the estimates contained in this document. VAALCO and TransGlobe did not construct a consolidated reserves report for the combined business. Therefore, the actual reserve of the combined business, may differ from the pro forma reserves for a number of reasons.

U.S. GAAP to IFRS Differences

The financial information of TransGlobe included in this Presentation has been prepared in accordance with International Financial Reporting Standards (as promulgated by the International Accounting Standards Board) ("IFRS"). Certain differences exist between IFRS and GAAP, which might be material to the financial information presented in this presentation.

Important Information About the Proposed Arrangement and Where to Find It

In connection with the proposed arrangement, VAALCO intends to file preliminary and definitive proxy statements with the SEC. The preliminary and definitive proxy statements and other relevant documents will be sent or given to the stockholders of VAALCO as of the record date established for voting on the proposed arrangement and will contain important information about the proposed arrangement and related matters. Stockholders of VAALCO and other interested persons are advised to read, when available, the preliminary proxy statement and any amendments thereto and, once available, the definitive proxy statement, in connection with VAALCO's solicitation of proxies for the meeting of stockholders to be held to approve, among other things, the issuance of shares of VAALCO's common stock in connection with the proposed arrangement because the proxy statement will contain important information about VAALCO, TransGlobe and the proposed arrangement. When available, the definitive proxy statement will be mailed to VAALCO's stockholders as of a record date to be established for voting on the proposed arrangement. Stockholders will also be able to obtain, without charge, copies of (i) the proxy statement, once available, (ii) the other filings with the SEC that have been incorporated by reference into the proxy statement and (iii) other filings containing information about VAALCO, TransGlobe and the proposed arrangement, at the SEC's website at www.sec.gov or by directing a request to VAALCO Energy, Inc., 9800 Richmond Avenue, Suite 700, Houston, TX 77042, Attention: Secretary, telephone: (713) 623-0801.

Certain Canadian Regulatory Matters

In connection with the proposed arrangement, TransGlobe has filed a copy of the Arrangement Agreement on its profile on SEDAR (www.sedar.com). Further, TransGlobe intends on mailing to its shareholders a management information circular and other relevant documents as of the record date established for voting on the proposed arrangement, which will contain important information about the proposed arrangement and related matters. Shareholders of TransGlobe are advised to read, when available, the management information circular in connection with TransGlobe's solicitation of proxies for the meeting of TransGlobe shareholders to approve the proposed arrangement. When finalized, the management information circular will be mailed to TransGlobe shareholders as of record date to be established for voting on the proposed arrangement. Shareholders will also be able to obtain copies of the management information circular on TransGlobe's SEDAR profile (www.sedar.com).

Important Notice to UK Investors

This Presentation has not been approved by an authorised person in the UK in accordance with Section 21 of the Financial Services and Markets Act 2000 as amended ("FSMA"). This Presentation does not constitute, and the Company is not making, an offer of transferable securities to the public within the meaning of section 102 (B) of FSMA and in the UK it is being delivered for information purposes only to a very limited number of persons and companies who are "qualified investors" within the meaning of section 86 (7) of FSMA purchasing as principal or in circumstances under section 86 (2) of FSMA, as well as persons who have professional experience in matters relating to investments and who fall within the category of persons set out in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the "Order") or are high net worth companies within the meaning set out in Article 45 of the Order or are otherwise permitted to receive it (the "Relevant Persons"). In the UK this Presentation is directed only at Relevant Persons and must not be acted on or relied upon by persons who are not Relevant Persons.

Disclaimers (cont.)



Participants in the Proposed Arrangement Solicitation

VAALCO, TransGlobe and their respective directors and executive officers may be deemed participants in the solicitation of proxies from VAALCO's stockholders in connection with the proposed arrangement. VAALCO's stockholders and other interested persons may obtain, without charge, more detailed information (i) regarding the directors and officers of VAALCO in VAALCO's 2021 Annual Report on Form 10-K filed with the SEC on March 11, 2022, its proxy statement relating to its 2022 Annual Meeting of Stockholders filed with the SEC on April 22, 2022 and other relevant materials filed with the SEC when they become available; and (ii) regarding TransGlobe's directors and officers in TransGlobe's 2021 Annual Information Form, which is attached as Exhibit 99.1 to Form 40-F, filed with the SEC on March 17, 2022 and other relevant materials filed with the SEC when they become available. Information regarding the persons who may, under SEC rules, be deemed participants in the solicitation of proxies to VAALCO's stockholders in connection with the proposed arrangement will be set forth in the proxy statement for the proposed arrangement when available. Additional information regarding the interests of participants in the solicitation of proxies in connection with the proposed arrangement will be included in the proxy statement that VAALCO intends to file with the SEC.

Forward-Looking Statements

This Presentation includes "forward-looking statements" within the meaning of Section 27A of the Securities Act, 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 "anticipates," "believes," "expects," "intends," "forecasts," "budgets," "plans," "targets," "will," "could," "should," "may," "likely," "plans," "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 Presentation include, but are not limited to, statements relating to (i) the proposed arrangement and its expected terms, timing and closing, including receipt of required approvals, if any, satisfaction of other customary closing conditions and expected charges and appointments to the executive team and board of directors; (ii) estimates of pre-forma reserves and future drilling, production and sales of crude oil and natural gas; (iii) estimates of future cost reductions, synergies, including pre-tax synergies, savings and efficiencies; (iv) expectations regarding VAALCO's ability to effectively integrate assets and properties it may acquire as a result of the proposed arrangement into VAALCO's operations; (v) expectations regarding future exploration and the development, growth and potential of VAALCO's and TransGlobe's operations, project pipelines and investments, and schedule and anticipated benefits to be derived therefrom; (vi) expectations regarding future investments or divestitures; (vii) expectations of future dividends and returns to stockholders including share buybacks; (viii) expectations of future balance sheet strength and credit ratings, including gas forma financial metrics; (ix) expectations future equity and enterprise value; (x) expectations regarding the continued listing of VAALCO's common stock on The New York Stock Exchange, and London Stock Exchange, and de-listing of TransGlobe's shares from Nasdaq, Toronto Stock Exchange and AIM; (xi) expectations regarding the percentage share of the combined company that are expected to be owned by existing VAALCO stockholders and TransGlobe shareholders; (xii) expectations of future plans, priorities and focus and benefits of the proposed arrangement and the Combined Company; (xiii) the combined group's environmental, social and governance related focus and commitments, and the anticipated benefits to be derived therefrom; (xiv) terms of hedging contracts; and (xv) expectations relating to resource potential and the potential to add reserves. Additionally, statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assumption, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and can be profitably produced in the future. Forward-looking statements regarding the percentage share of the Combined Company that are expected to be owned by existing VAALCO stockholders and TransGlobe shareholders have been calculated based on each company's vested outstanding shares as of the date of the Arrangement Agreement.

Dividends of VAALCO beyond Q3 2022 have not yet been approved or declared by the board of directors. VAALCO management's expectations with respect to future dividends, annualized dividends or other returns to stockholders, including share buyback, are forward-looking statements. Investors are cautioned that such statements with respect to future dividends and share buybacks are non-binding. The declaration and payment of future dividends or the terms of any share buyback remain at the discretion of the board of directors of VAALCO 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 of directors of VAALCO. The board of directors of VAALCO reserves all powers related to the declaration and payment of dividends. Consequently, in determining the dividend to be declared and paid on VAALCO common stock, the board of directors of VAALCO may revise or terminate the payment level at any time without prior notice.

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: the ability to obtain shareholder, court and regulatory approval (if any) of the proposed arrangement; the ability to complete the proposed arrangement on anticipated terms and timetable; the possibility that various closing conditions for the arrangement may not be satisfied or waived; risks relating to any unforeseen liabilities of VAALCO or TransGlobe; the tax treatment of the proposed arrangement in the United States and Canada; decline 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 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 flow 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 partners; 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 assets 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 proposed arrangement 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 shareholders; and other risks described (i) under the caption "Risk Factors" in VAALCO's 2021 Annual Report on Form 10-K, filed with the SEC on March 11, 2022; and (ii) in TransGlobe's 2021 Annual Report on Form 40-F, filed with the SEC on March 17, 2022 or TransGlobe's annual information form for the year ended December 31, 2021, dated March 17, 2022. Neither VAALCO nor TransGlobe is affirming or adopting any statements or reports attributed to the other (including prior oil and gas reserves information) in this Presentation or made by the other outside of this Presentation. More information on potential factors that could affect VAALCO's or TransGlobe's financial results will be included in the preliminary and the definitive proxy statements that VAALCO intends to file with the SEC in connection with VAALCO's solicitation of proxies for the meeting of stockholders to be held to approve, among other things, the issuance of shares of VAALCO's common stock in connection with the proposed arrangement. There may be additional risks that neither VAALCO nor TransGlobe presently knows, or that VAALCO or TransGlobe currently believes are immaterial, that could also cause actual results to differ from those contained in the forward-looking statements.

In addition, forward-looking statements reflect VAALCO's and TransGlobe's expectations, plans or forecasts of future events and views as of the date of this Presentation. Should one or more of these risks or uncertainties materialize, or should any of the assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. No obligation is being undertaken to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Certain Assumptions Relating to Forward-Looking Statements

Forward-looking statements or information are based on a number of factors and assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although TransGlobe and VAALCO believe the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because TransGlobe and VAALCO can give no assurance that such expectations will prove to be correct. Many factors could cause actual results to differ materially from those expressed or implied in any forward-looking statements contained herein.

In addition to other factors and assumptions which may be identified in this presentation, assumptions have been made regarding, among other things, anticipated production volumes; the timing of receipt of regulatory and shareholder approvals for the arrangement; the ability of the combined business to realize the anticipated benefits of the arrangement; ability to effectively integrate assets and property as a result of the arrangement; ability to obtain qualified staff and equipment in a timely and cost-efficient manner; regulatory framework governing royalties, taxes and environmental matters in the jurisdictions in which TransGlobe and VAALCO conduct and the combined business will conduct its business; future capital expenditures; future sources of funding for capital programs; current commodity prices and royalty regimes; future exchange rates; the price of oil; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; future operating costs; uninterrupted access to areas of operation and infrastructure; recoverability of reserves and future production rates; the combined business will have sufficient cash flow, debt and equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; results of operations will be consistent with expectations; current, or, where applicable, proposed industry conditions, laws and regulations will continue in effect; the estimates of reserves and resource volumes and the assumptions related thereto are accurate in all material respects; and other matters.

Disclaimers (cont.)



Oil & Gas Advisories Relating to TransGlobe

Reserves

The estimates of TransGlobe's December 31, 2021 reserves set forth in this presentation have been prepared by GLU Ltd. ("GLU"), an independent qualified reserves evaluator, as of December 31, 2021 in accordance with NI 51-101 and the COGEN and using the forecast of prices, inflation and exchange rates computed using the average of the forecasts of GLU Ltd., McDaniel & Associates Consultants Ltd. and Sproule Associates Limited each dated January 1, 2022.

Drilling locations

This Presentation discloses drilling inventory in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from GLU Ltd.'s reserves evaluation as of December 31, 2021 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Of the 80 drilling locations identified herein, 6 are proved locations, 13 are probable locations and 61 are unbooked locations.

Unbooked locations are internal estimates based on TransGlobe's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Unbooked locations consist of drilling locations that have been identified by management as an estimation of TransGlobe's multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that TransGlobe will drill all of these drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which TransGlobe drills wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been derived by drilling existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 mcf:1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

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*Creating a Diversified
African E&P Business
Supporting Sustainable
Growth & Shareholder
Returns*



VAALCO Energy, Inc.

Transcript of Podcast

Monday, August 8, 2022

CORPORATE PARTICIPANTS

George W.M. Maxwell – *Chief Executive Officer*

Ronald Y. Bain – *Chief Financial Officer*

Al Petrie - *Investor Relations*

VAALCO Energy, Inc.
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Monday, August 8, 2022

PRESENTATION

Al Petrie:

Good morning and welcome to today's discussion with George Maxwell, our Chief Executive Officer, and Ron Bain, our Chief Financial Officer, to review an updated and supplemental presentation regarding VAALCO Energy and TransGlobe Energy's strategic business combination.

I'd like to point out that we posted an updated presentation deck on our website this morning that has additional information related to the transaction that we will be referencing throughout the discussion.

With that, let me proceed with our Forward-Looking Statement comments. During the course of this presentation, the company will be making forward-looking statements. Investors are cautioned that forward-looking statements are not guarantees of future performance and those actual results or developments may materially differ 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. Accordingly, you should not place undue reliance on forward-looking statements.

I should note that VAALCO and TransGlobe prepare their reserves information under different legal regimes which may not be directly comparable. The proxy statement delivered to VAALCO shareholders will provide pro forma proved reserves numbers of the combined company prepared in accordance with U.S. SEC rules.

These and other risks are described in the press release we issued this morning and in the presentation posted on our website. In particular, note that if you are in the U.K., you should only access the podcast if you are: (1) a "qualified investor" within the meaning of section 86(7) of FSMA purchasing as principal or in circumstances under section 86(2) of FSMA; and (2) have professional experience in matters relating to investments and who fall within the category of persons set out in Article 19 of the Financial Services and Markets Act 2000 Order 2005 as amended or are high net worth companies within the meaning set out in Article 49 of the Order; or (iii) are otherwise permitted to access the podcast.

With that I will turn it over to George.

George W.M. Maxwell, Chief Executive Officer:

Thank you, Al. Welcome everyone, we appreciate you joining us today as we provide additional information and insight on the transformational and highly accretive combination of VAALCO Energy and TransGlobe Energy.

Before I review the updated presentation, I would like to discuss our recent press release. This morning we announced that VAALCO's board has approved a share buyback program of up to \$30 million. This will come into effect subject to the combination transaction being completed and we will provide additional details at that time. This is in addition to the \$28 million annually that we have already targeted for shareholder dividends, payable on a quarterly basis, with the first payment to be made in the first quarter post-closing.

We are building a stronger company with enhanced scale and diversification and a stronger combined balance sheet which should enable increased shareholder returns than would otherwise be possible on a standalone basis.

VAALCO has announced new costless collars that were put in place for the fourth quarter of 2022. These hedges were costless and have a weighted average floor price of \$70 per barrel and a weighted average ceiling price of \$122 per barrel, providing downside protection but allowing us to participate in the strong oil prices we have seen this year. Ron will go into more detail about our hedges and future hedging strategy later in the discussion.

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And turning to the presentation. We are proceeding with preparing our proxy materials to provide more information to both our shareholders and for TransGlobe shareholders, but we wanted to give additional details now to further demonstrate how this transaction benefits both sets of shareholders. As we said before, this all-share transaction brings together two strong companies that share similar corporate cultures focused on adding and returning value to shareholders, financial discipline, operational excellence and long-term stability. Based on the expected strength of the combined company and its ability to further enhance shareholder returns than either could separately, both boards unanimously approved the transaction.

We believe that the updated presentation we are discussing today reflects our strong belief that this transaction is mutually beneficial for the broader stakeholders of both companies. By building additional size and scale, we will be able to generate significantly more Adjusted EBITDA and we fully expect our stock to trade at higher cash flow multiples that are more in line with larger E&Ps. We will also be able to more efficiently return enhanced value to our shareholders through dividends and buybacks while delivering long-term accretive growth.

Starting with **Slide 2**, here we summarize the terms, timetables and composition of the board and management. I will stay on as Chief Executive Officer and Ron will stay on as Chief Financial Officer. Randy Neely, TransGlobe's Chief Executive Officer, and other members of senior management will remain with us for a 3 to 6 month transition period while we integrate their technical and operational teams into VAALCO. We plan to remain listed on the New York Stock Exchange and the London Stock Exchange but delist from AIM, TSX and Nasdaq which are part of the cost saving synergies that Ron will discuss. We are working diligently with a view to closing the transaction in 2022 so that we can start to increase returns to our combined shareholders, capture synergies and maximize the potential of this larger asset base as soon as is reasonably possible.

On **Slide 3** you can see the benefits of this transaction that essentially doubles our production, triples reserves and provides a strong, diversified asset base with significant cash flow generation ability. I will discuss many of these benefits in more detail in later slides. Our expected combined company's robust balance sheet gave us the confidence to announce a target annualized dividend of \$28 million (an annualized target of approximately \$0.25 per share, to be paid quarterly with the first payment to be made in the first quarter post-completion), almost double VAALCO's current dividend, and proposed share buyback program of up to \$30 million that is equivalent to up to \$0.27 per share. I do not believe either company could do this on a standalone basis. In summary, the combination of high quality assets, experienced technical teams with a shared commitment to operational excellence, and significant financial strength will create a world-class African focused E&P that can support enhanced shareholder returns and sustainable growth.

On **Slide 4** you can see our expanded operational footprint and the merits of being a more diversified company, which reduces risks and expands optionality. We have shown our ability to grow organically through our projects in Gabon and we have the opportunity in Equatorial Guinea to develop a discovery with additional upside. Now, we will also have strong, free cash flow producing assets in Egypt and Canada that will help to fund our expanded shareholder returns and robust set of organic opportunities.

On **Slide 5** you can see the strong liquidity that both VAALCO and TransGlobe had at 31st March 2022. On a pro forma basis, our combined company's cash and RBL availability is over \$160 million. This underpins our enhanced net cash positive balance sheet which will set us apart from those of our peers listed on the slide. This also gives us the flexibility to increase shareholder returns through dividend growth, additional share buybacks and potential future special dividends. Additionally, it will allow us to grow organically through drilling and development activities and grow inorganically through additional acquisition opportunities. As a combined company, we will have increased access to inorganic opportunities and we will have a broader range of capital sources to fund these opportunities

On **Slide 6** we show how we are intending to return value to shareholders in a meaningful manner. As I mentioned earlier, we instituted VAALCO's first dividend in early 2022 for \$0.13 per share annualized, or a total of \$8 million per year. Immediately post-closing, we will nearly double our dividend to \$0.25 per share annualized, or \$28 million per year. We also announced a post-closing share buyback program of up to \$30 million (which equates to about \$0.27 per share). We have stress-tested our ability to fund both the dividend and the buyback at much lower oil prices than what we are currently realizing. In the future, we will also evaluate supplemental shareholder returns through increased dividends, and buybacks or special dividends. Let me again reiterate, we have the confidence to announce a higher target dividend and share buyback because of the greater size, scale and diversification of the combined company. Our stronger combined balance sheet and ability to generate increased future cash flow is significant compared to either VAALCO or TransGlobe on a standalone and enables increased shareholder returns than would otherwise be possible on a standalone basis.

Slide 7 provides details on the production uplift resulting from the transaction and its impact on a per share basis. The chart at the top shows VAALCO and TransGlobe full year 2022 production guidance on a standalone and combined bases. The combination essentially doubles VAALCO's and TransGlobe's expected production. Doubling production from a diversified asset base creates a company with critical mass and supports our ability to generate greater cash flow to return value to shareholders. The lower left chart shows how we have grown production meaningfully at VAALCO since 2020 and the large pro forma increase that we anticipate in 2023 following closing of the transaction. For perspective, VAALCO's average net production in calendar year 2020 was around 4,850 net realizable interest barrels of oil per day compared to an expected midpoint guidance of 18,350 net realizable interest barrels of oil equivalent per day in 2022 on a combined basis. Since production is a key driver of cash flow, we have shown those same time periods on a per share basis with VAALCO standalone 2020 through 2022 and as a combined company in 2023 post-closing. This reflects meaningful production accretion of 15% per share at the midpoint of production. Our increased production base, stronger combined balance sheet and ability to generate future Adjusted EBITDA is significant compared to either VAALCO or TransGlobe on a standalone basis.

Slide 8 shows the impact and potential of our Adjusted EBITDA as VAALCO on a standalone basis in 2022 as well as in 2023 on a combined basis. Let me make it clear that this is not intended to be guidance and it is based on various pricing scenarios for 2022 and 2023. You can see the growth from 2020 to 2021 and into 2022, but what excited us is the potential for 2023 and beyond as a combined company, especially in a sustained higher priced environment. On a per share basis it is accretive to standalone VAALCO by around \$1/share and we have an opportunity to add to our Adjusted EBITDA potential through optimizing our capital allocation and through capturing synergies.

Slide 9 shows you can see how we plan to capture synergies through the combined company that can total up to \$30 to \$50 million over the next seven years that will meaningfully enhance our future cash flow generation. Within six months of closing, we plan to cancel TransGlobe's listings from the AIM, TSX and Nasdaq exchanges, reduce overall board and executive positions, consolidate advisors and renegotiate service contracts as a larger company. This will allow us to capture \$3 to \$5 million in annual savings. This is \$21 to \$35 million from 2023 to 2030 that would not be captured on a standalone basis. Additionally, within 18 to 24 months post-closing, we have identified additional savings and efficiencies that would allow us to capture another \$2 to \$4 million in annual savings. This is an additional \$10 to \$20 million from 2025 to 2030 that would not be captured on a standalone basis. We also have operational synergies centered around expertise and knowledge sharing that should allow us to improve our operational excellence. We have made a lot of progress over the past year at VAALCO driving costs lower, expanding margins and we plan to apply that with vigor to the new combined company.

Slide 10 shows reserves on a similar basis as we showed production. The two charts on the left display proved reserves and 2P reserves for VAALCO and TransGlobe on a standalone and combined bases. I would like to remind you that these reserve numbers are at year end 2021 and we fully expect them to increase year-over-year given our long track record of positive reserve revisions and including the results from the 2022 new wells that were brought online by both companies. The combined company 1P reserve base of 32 million barrels of oil equivalent and 2P reserve base of 51 million barrels of oil equivalent further underpins the ability to build size and scale. As shown in the chart on the upper right, we have grown VAALCO's proved reserves from 3.2 million barrels of oil to 11 million barrels of oil at year-end 2021, which will further increase nearly 200% with the combined company to 32 million barrels of oil equivalent. This chart shows how we have grown proved reserves per share since 2020. Proved reserves for the combined company reflect significant accretion of 55% per share post-closing pro forma.

Slide 11 outlines the significant upside we have beyond the reserves I just reviewed on the prior slide. As a larger company with increased production and stability, we will have enhanced cash flow generation to not only increase shareholder returns but fund additional existing organic opportunities in both VAALCO's and TransGlobe's portfolios. As a combined company, we will be able to reallocate capital to maximize production, returns and cash flow generation for the expanded portfolio. From a time-value of money perspective, this will allow us to bring value forward from future projects and make it more accessible sooner to our shareholders.

Ron, why don't you cover the next few slides?

Ronald Y. Bain, Chief Financial Officer:

Thank you, George.

We believe that the combination of two financially strong companies enhances our financial resilience and positions us for enhanced growth and shareholder returns moving forward. We are not just creating a bigger company, we are creating a stronger company and one that is better positioned to succeed.

As you can see on **Slide 12**, both companies' share prices have meaningfully outperformed the increase in Brent oil prices over the past 2 years while outperforming peers and the greater market. Additionally, looking at the trading volume, you can see the uptick in June 2022 when VAALCO was added to the Russell 3000. We would expect additional buying by the index funds post-closing to maintain the relative position needed for VAALCO in those funds going forward. The remarkable amount of value created over the past 2 years will be combined into a bigger and financially stronger company capable of delivering sustainable and accretive growth to shareholders. The combined company will become more visible to institutional traders, promoting liquidity and demand and being listed on the New York Stock Exchange and London Stock Exchange allows for growth across multiple investor bases in North America and Europe.

On **Slide 13** you can see how the combination should increase the multiple valuation of the combined company compared with each company on a standalone basis. This slide clearly shows the positive impact increasing both companies' size and scale can have on all shareholders. George and I think this is one of the most important slides in today's updated deck. Individually both VAALCO and TransGlobe currently trade at a cash flow multiple discount of about 1x compared to larger U.S. and U.K. listed peers. With a combined company and the resulting larger market cap, we expect that the multiple accorded to similarly-sized companies could be realized. Trading at an enterprise volume the last twelve months EBITDA multiple of 3.0x or above would imply a greater than 40% uplift in value to the combined market capitalizations of VAALCO and TransGlobe.

Additionally, we are net cash positive post-closing, unlike some of our peer companies who are shown in the bottom charts who are quite burdened with debt. This should further set us apart from those peers. A lot of E&P companies are using their free cash flow to pay off debt, but we'll have the opportunity use that cash to distribute to shareholders while growing production through our organic drilling opportunities and pursuing inorganic opportunities.

You can see why George and I are excited about all the benefits we see in the combination with TransGlobe and the impact it can have on all of our shareholders. As George mentioned we have the opportunity to capture synergies both from a cost standpoint and an operational one. I assure you that we will conduct a complete combined company analysis post-closing with a view to optimizing the allocation of capital across our expanded portfolio, review all operational and overhead costs, and implement the synergies we have identified thus far. Our overarching goal in that intense review will be to maximize our combined company cash flow capacity and thereby increase cash flow per share. Once that review is complete, we will provide guidance for post-closing periods.

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Before I turn it back to George, I'd like to review **Slide 14** where we discuss hedging. We plan to continue to hedge to protect cash flow for our shareholder returns program and capital investment plans and allow for upside participation. In July, we added costless collars for the fourth quarter of 2022 with a floor of \$70 and a ceiling of \$122 per barrel. This hedge allows us to realize any actual price that occurs between \$70 and \$122 per barrel, but most importantly it provides us downside protection if the price were to fall below 70 bucks per barrel and allows us to benefit on the upside to 122 bucks per barrel. We feel this is a great way to protect our cash flows and we will look to opportunistically add hedges like this moving forward. The slide shows both companies hedge positions, which currently do not extend past the fourth quarter of 2022. I would also like to point out that as long as the credit facilities remain undrawn, no hedging is required by our lenders.

With the combination we'll have a larger company, but I can assure you that we'll not lose our strategy of financial and investment discipline. We will maintain our strong balance sheet and continue to focus on shareholder returns through the dividends, buybacks and supplementing it with potential share buybacks and/or special dividends.

With that, I'll turn it all back over to George.

George W.M. Maxwell, Chief Executive Officer:

Thank you, Ron.

In the asset overview section you can get more details regarding Egypt and Canada as well as some information about Gabon and EG that we have shown in prior presentations. I am not going to cover each slide as we did earlier but I will provide some overall commentary.

Both Gabon and Egypt have similar proved and 2P reserves. Simply adding Egypt essentially doubles our reserves and adds another all-oil African asset with strong, steady production. The wells drilled there are onshore, shallower and thus less expensive and more predictable than at Etame. We will operate both assets and now have onshore and offshore surface technical expertise in Africa enhancing our future business development opportunities.

In Egypt, we will have a reliable and repeatable onshore operation that sends all production to a coastal storage facility where it is stored awaiting periodic liftings. The production is higher gravity oil compared with Gabon and currently cannot be used in Egypt as the refineries cannot process heavier crudes. The heavier crude is valuable on international markets for blending with lighter crudes. Most importantly, we have clear line of sight to payment once the crude is sold and payments are received in U.S. dollars and as offsets to costs incurred in our operations.

On **Slide 22**, we discuss how a receivable from Egypt is being treated by TransGlobe's management that we did not discuss directly in the joint announcement deck. We also wanted to include PSC terms for both Egypt and Gabon in the presentation, to allow for greater transparency and understanding of each fiscal regime.

TransGlobe's Canadian operations contain strong free cash flowing assets with stable production and impressive long-life reserves. In Gabon, we have our flagship Etame asset and the provisional award of part of a consortium for offshore blocks adjacent to Etame and Dussafu producing fields. In Equatorial Guinea, we have a discovery where we have created a robust development plan and are in the process of getting it approved by the EG government to move forward with activity on Block P. As a reminder, when that POD is approved by Equatorial Guinea, we will be able to book new 1P reserves that are not currently in VAALCO's ledger.

The production profiles of these combined company assets fit very well together. You have offshore assets that have higher initial rates paired with long life onshore assets that produce steadily into the future. This should allow us to generate meaningful cash flow over long periods of time to fund organic growth opportunity. We will work hard to identify operating efficiencies across the new combined portfolio through the application of complementary operational and technical skills.

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On Slide 29 we have outlined our preliminary drilling and development plans in each of the four focus areas. We can high grade our organic opportunities and generate cash flow faster to internally fund opportunities. Needless to say, the greater size and ability to generate cash flow has the potential to create substantial additional shareholder value going forward as VAALCO and TransGlobe have done in recent years. In summary, there is a lot to be excited about with this transformational combination.

We believe that by combining these two companies, we should be able to build size, scale and market cap that should allow us to generate meaningful cash flow to fund expanded shareholder dividends, share buybacks and potential supplemental shareholder returns at a rate that would not be achievable on a standalone basis.

We are expanding and diversifying our African-focused assets. This is an all-equity deal and we are taking on no net debt while maintaining a very robust balance sheet with significant cash on hand. It is accretive in many important metrics on both sets of shareholders as we have demonstrated in the presentation. We will have an enhanced portfolio of organic opportunities with a larger production and reserve base to support its development. We will have size and scale to enhance access to a broader set of inorganic opportunities and will continue to actively screen opportunities that meet our strict strategic, financial and operational criteria. Both companies have outstanding teams that we believe will be complementary and continue to help us achieve our strategic vision. Most importantly, we will remain firmly focused on maximizing shareholder return opportunities and operating with the highest regards towards ESG.

In closing, you will have a stronger company with more cash, more cash flow and Adjusted EBITDA, more production, more reserves, and more potential upside. Together we will have an increased ability to unlock that upside potential and increase value per share much more than either of us could achieve on a standalone basis.

We have announced a target of \$0.52 per share returned in dividends and buybacks beginning post-closing and also we have described that trading at an EV/LTM EBITDA multiple of 3.39 would imply a 40% uplift in value to the current combined market capitalizations of VAALCO and TransGlobe, which demonstrates the potential for price appreciation based on solely multiple expansion.

To me this is a very compelling case for why this is accretive and that is without me getting into the strategic and operational enhancements. We are very excited for the future of the combined company and it provides the opportunity to expand returning value to shareholders while also growing the value in the underlying business at a rate that neither VAALCO or TransGlobe can provide on a standalone basis.

Forward-Looking Statements

This communication includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), 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,” “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 communication may include, but are not limited to, statements relating to (i) the proposed arrangement and its expected terms, timing and closing, including receipt of required approvals, if any, satisfaction of other customary closing conditions and expected changes and appointments to the executive team and board of directors; (ii) estimates of pro forma reserves and future drilling, production and sales of crude oil and natural gas; (iii) estimates of future cost reductions, synergies, including pre-tax synergies, savings and efficiencies; (iv) expectations regarding VAALCO’s ability to effectively integrate assets and properties it may acquire as a result of the proposed arrangement into VAALCO’s operations (v) expectations regarding future exploration and the development, growth and potential of VAALCO’s and TransGlobe’s operations, project pipeline and investments, and schedule and anticipated benefits to be derived therefrom; (vi) expectations regarding future investments or divestitures; (vii) expectations of future dividends and returns to stockholders including share buybacks; (viii) expectations of future balance sheet strength and credit ratings including pro forma financial metrics; (ix) expectations of future equity and enterprise value; (x) expectations regarding the listing of the common stock, par value \$0.10 of VAALCO (“VAALCO common stock”) on the New York Stock Exchange and London Stock Exchange; and delisting of TransGlobe shares from Nasdaq, the Toronto Stock Exchange and Alternative Investment Market; (xi) expectations regarding the percentage share of the combined company that are expected to be owned by existing VAALCO stockholders and TransGlobe shareholders; (xii) expectations of future plans, priorities, focus and benefits of the proposed arrangement and the combined company; (xiii) the combined company’s environmental, social and governance related focus and commitments, and the anticipated benefits to be derived therefrom; (xiv) terms of hedging contracts; and (xv) expectations relating to resource potential and the potential to add reserves. Additionally statements relating to “reserves” are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and can be profitably produced in the future. Forward-looking statements regarding the percentage share of the combined company that are expected to be owned by existing VAALCO stockholders and TransGlobe shareholders have been calculated based on each company’s vested outstanding shares as of the date of the Arrangement Agreement. Dividends of VAALCO beyond the third quarter 2022 have not yet been approved or declared by the board of directors of VAALCO. VAALCO management’s expectations with respect to future dividends, annualized dividends or other returns to stockholders, including share buybacks, are forward-looking statements. Investors are cautioned that such statements with respect to future dividends and share buybacks are non-binding. The declaration and payment of future dividends or the terms of any share buybacks remain at the discretion of the board of directors of VAALCO 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 of directors of VAALCO. The board of directors of VAALCO reserves all powers related to the declaration and payment of dividends. Consequently, in determining the dividend to be declared and paid on VAALCO common stock, the board of directors of VAALCO may revise or terminate the payment level at any time without prior notice. 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: the ability to obtain stockholder, shareholder, court and regulatory approvals (if any) in connection with the proposed arrangement; the ability to complete the proposed arrangement on the anticipated terms and timetable; the possibility that various closing conditions for the arrangement may not be satisfied or waived; risks relating to any unforeseen liabilities of VAALCO and/or TransGlobe; the tax treatment of the proposed arrangement in the United States and Canada; 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 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 assets 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 proposed arrangement may not increase VAALCO’s relevance to investors in the international exploration and production industry, increase capital market access through scale and diversification or provide liquidity benefits for stockholders; and other risks described (i) under the caption “Risk Factors” in VAALCO’s 2021 Annual Report on Form 10-K, filed with the SEC on March 11, 2022; and (ii) in TransGlobe’s 2021 Annual Report on Form 40-F, filed with the U.S. Securities and Exchange Commission (the “SEC”) on March 17, 2022 or TransGlobe’s annual information form for the year ended December 31, 2021 dated March 17, 2022. Neither VAALCO nor TransGlobe is affirming or adopting any statements or reports attributed to the other (including prior oil and gas reserves information) in this communication or made by the other outside of this communication. More information on potential factors that could affect VAALCO’s or TransGlobe’s financial results will be included in the preliminary and the definitive proxy statements that VAALCO intends to file with the SEC in connection with VAALCO’s solicitation of proxies for the meeting of stockholders to be held to approve, among other things, the issuance of shares of VAALCO common stock in connection with the proposed arrangement. There may be additional risks that neither VAALCO nor TransGlobe presently knows, or that VAALCO or TransGlobe currently believes are immaterial, that could also cause actual results to differ from those contained in the forward-looking statements. In addition, forward-looking statements reflect VAALCO’s and TransGlobe’s expectations, plans or forecasts of future events and views as of the date of this communication. Should one or more of these risks or uncertainties materialize, or should any of the assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. No obligation is being undertaken to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

Important Information About the Proposed Arrangement and Where to Find It

In connection with the proposed arrangement, VAALCO intends to file preliminary and definitive proxy statements with the SEC. The preliminary and definitive proxy statements and other relevant documents will be sent or given to the stockholders of VAALCO as of the record date established for voting on the proposed arrangement and will contain important information about the proposed arrangement and related matters. Stockholders of VAALCO and other interested persons are advised to read, when available, the preliminary proxy statement and any amendments thereto and, once available, the definitive proxy statement, in connection with VAALCO's solicitation of proxies for the meeting of stockholders to be held to approve, among other things, the issuance of shares of VAALCO common stock in connection with the proposed arrangement because the proxy statement will contain important information about VAALCO, TransGlobe and the proposed arrangement. When available, the definitive proxy statement will be mailed to VAALCO's stockholders as of a record date to be established for voting on the proposed arrangement. Stockholders will also be able to obtain, without charge, copies of (i) the proxy statement, once available, (ii) the other filings with the SEC that have been incorporated by reference into the proxy statement and (iii) other filings containing information about VAALCO, TransGlobe and the proposed arrangement, at the SEC's website at www.sec.gov or by directing a request to: VAALCO Energy, Inc., 9800 Richmond Avenue, Suite 700, Houston, TX 77042, Attention: Secretary, telephone: (713) 623-0801.

Participants in the Proposed Arrangement Solicitation

VAALCO, TransGlobe and their respective directors and executive officers may be deemed participants in the solicitation of proxies from VAALCO's stockholders in connection with the proposed arrangement. VAALCO's stockholders and other interested persons may obtain, without charge, more detailed information (i) regarding the directors and officers of VAALCO in VAALCO's 2021 Annual Report on Form 10-K filed with the SEC on March 11, 2022, its proxy statement relating to its 2022 Annual Meeting of Stockholders filed with the SEC on April 22, 2022 and other relevant materials filed with the SEC when they become available; and (ii) regarding TransGlobe's directors and officers in TransGlobe's 2021 Annual Information Form, which is attached as Exhibit 99.1 to Form 40-F, filed with the SEC on March 17, 2022 and other relevant materials filed with the SEC when they become available. Information regarding the persons who may, under SEC rules, be deemed participants in the solicitation of proxies to VAALCO's stockholders in connection with the proposed arrangement will be set forth in the proxy statement for the proposed arrangement when available. Additional information regarding the interests of participants in the solicitation of proxies in connection with the proposed arrangement will be included in the proxy statement that VAALCO intends to file with the SEC.

No Offer or Solicitation

This document shall not constitute a solicitation of a proxy, consent or authorization with respect to any securities or in respect of the proposed arrangement. This document is for information purposes only and shall not constitute a recommendation to participate in the proposed arrangement or to purchase any securities. This document does not constitute an offer to sell or issue, or the solicitation of an offer to buy, acquire or subscribe for any securities in any jurisdiction, nor shall there be any sale of securities in any states or jurisdictions in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of section 10 of the Securities Act, or by means of a prospectus approved by the U.K. Financial Conduct Authority, or an exemption therefrom.

VAALCO Energy, Inc.
Transcript of Podcast
Monday, August 8, 2022
