

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

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

VAALCO ENERGY, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



VAALCO Energy, Inc.

May 2008

Safe Harbor Statement



Important Information. VAALCO filed with the SEC definitive proxy materials (the "Proxy Materials"). The Proxy Materials contain important information about VAALCO, the 2008 Annual Stockholders Meeting and our nominees and other directors in the solicitation. VAALCO's stockholders are urged to read the Proxy Materials carefully. Stockholders may obtain additional free copies of the Proxy Materials and other relevant documents filed with the SEC by VAALCO through the website maintained by the SEC at www.sec.gov. The Proxy Materials and other relevant documents may also be obtained free of charge from VAALCO at VAALCO Energy, Inc., 4600 Post Oak Place, Suite 309, Houston, Texas 77027; or by phone at (713) 623-0801. The Proxy Materials are also available on VAALCO's website at www.vaalco.com. The contents of the websites referenced above are not deemed to be incorporated by reference into the Proxy Materials.

Forward-Looking Statements. This document includes "forward-looking statements" as defined by the U.S. securities laws. Forward-looking statements are those concerning VAALCO's plans, expectations, and objectives for future drilling, completion and other operations and activities. All statements included in this document that address activities, events or developments that VAALCO expects, believes or anticipates will or may occur in the future are forward-looking statements. These statements include future production rates, completion and production timetables and costs to complete well. These statements are based on assumptions made by VAALCO based on its experience perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond VAALCO's control. These risks include, but are not limited to, inflation, lack of availability of goods, services and capital, environmental risks, drilling risks, foreign operational risks and regulatory changes. Investors are cautioned that forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements. These risks are further described in VAALCO's annual report on Form 10-K for the year ended December 31, 2007 and other reports filed with the SEC which can be reviewed at <http://www.sec.gov>, or which can be received by contacting VAALCO at 4600 Post Oak Place, Suite 309, Houston, Texas 77027, (713) 623-0801.

The Securities and Exchange Commission generally permits oil and gas companies, in filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. In this document, we describe volumes of oil that we believe may be discovered in the future through our existing exploration program. These amounts are not proved reserves as defined by the SEC. These estimates are by their nature more speculative than estimates of proved reserves and accordingly are subject to substantially greater risk of being actually realized by VAALCO.

This presentation is being made on the afternoon of May 20, 2008. The content of this presentation contains time-sensitive information that is accurate only as of the time hereof. VAALCO will not be reviewing or updating the material contained herein.



- I. Introduction and VAALCO Overview**
- II. Superior Returns and Financial Performance**
- III. VAALCO's Board: Experienced, Proven and Committed to Maximizing Stockholder Value**

Attendees



- Robert H. Allen
Independent Director
Audit Committee[†] (Chairman)
Compensation Committee (Chairman)
- Robert L. Gerry
Chairman and
Chief Executive Officer
- W. Russell Scheirman
President, Chief Financial Officer
and Director

[†] *Audit Committee Financial Expert as determined by the Board under SEC regulations*



I. Introduction and VAALCO Overview

VAALCO's Nominees Are the Right Choice



- **Independent and engaged Board made up of successful and experienced industry leaders**
 - Responsible for successful implementation of corporate strategy and stock price appreciation
 - Broad and complementary expertise in areas critical to VAALCO's business
 - 5 of 7 directors independent under NYSE listing requirements
 - All committees constituted solely of independent directors
- **Superior long-term value creation and financial performance**
 - 503% cumulative stockholder return over the last 5 years¹
 - Outperformed peer group² over each of the last 6-month, 1-year, 3-year and 5-year periods
 - 31% 5-year average ROIC (among top 5% of the oil & gas industry)
 - 66% revenue CAGR over the last 5 years
 - 81% EBITDA CAGR over the last 5 years
- **Track record of superior operating achievements**
 - 82% success rate in exploration drilling since 1998, when Etame drilling began
 - 100% success rate in the drilling and completion of development wells since 1998
 - 50% increase in production since 2002
- **Strong growth expected to continue**
 - Drilling program underway exposes VAALCO stockholders to 8x current reserves
 - 7 planned exploration wells, 2 development wells, arrangements in place to contract for rigs
 - Drilling to commence this summer

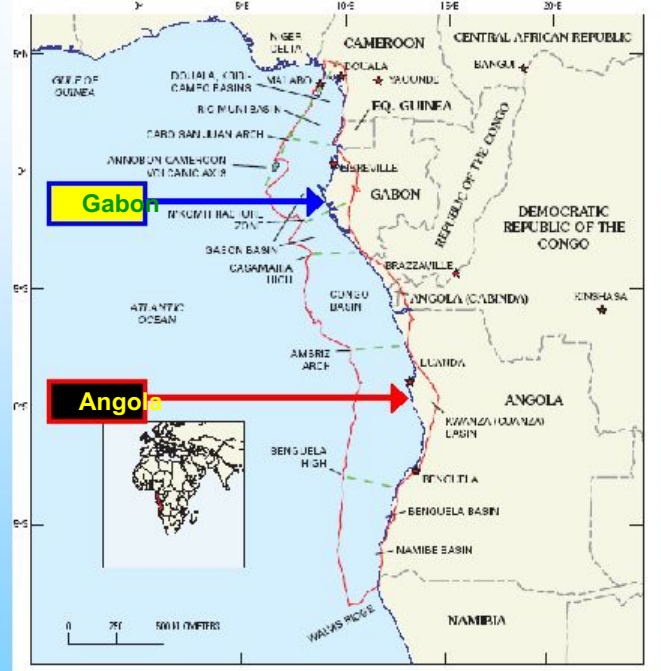
1. Unless otherwise indicated, figures in this presentation are as of the market close on May 16, 2008

2. The peer group is as defined by RiskMetrics (ISS); details slide 14

VAALCO Overview



- **Houston-based independent exploration and production company (“E&P”)**
- **Exploration activities primarily in West Africa – offshore Gabon, onshore Gabon, offshore Angola**
 - Opportunistic minority participations in UK North Sea exploration
- **Production (100% oil) located offshore Gabon**
- **26 full-time employees: Houston (9), Gabon (10) and Angola (7)**
- **20-30 contractors worldwide depending on activity level**



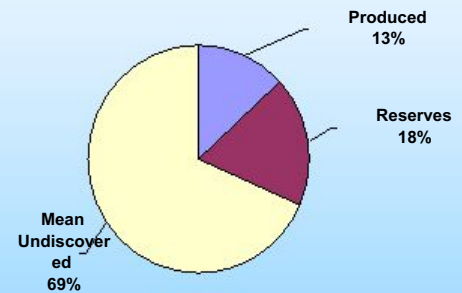
VAALCO is an Important Presence and a Valued Long-Term Partner in Gabon and Angola

Exceptional West African Opportunity

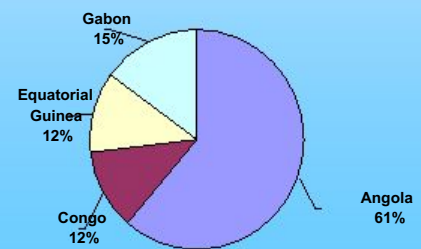


- **Africa holds a significant and growing portion of world oil reserves**
- **By 2010, West Africa is expected to account for 1 of 3 new barrels pumped worldwide and by 2015, the U.S. is projected to import 25% of all its oil from Africa, up from 15% in 2007**
 - 8% of global proved reserves
 - High proportion of new field discoveries
 - Strong reserve growth of discovered fields
- **Gabon**
 - Long history of energy production under stable contract terms
 - Former French colony independent since 1960 under French civil law
 - Population 1.3 MM (about size of Colorado)
- **Angola**
 - Oil sales and related activities constitute approximately one-half of GDP and 90% of exports
 - Has emerged as a major African oil producer following the end of the country's civil war in 2002
 - One of the world's fastest growing economies because of strong production growth
 - Population 15.5 MM

West Central Africa Oil Endowment



West Central Africa Reserves





- **Seek exploration opportunities in proven hydrocarbon basins where modern technology has the potential to unlock previously hidden reserves**
 - In areas with acceptable political risk where positive market conditions provide niche opportunities
- **Increase reserves primarily through the drill-bit while continually reviewing potential property and corporate acquisitions at reasonable prices**
- **Focused primarily on West Africa asset base**
- **Maintain financial discipline to support growth**
- **Optimize cash flows from producing assets**
 - Etame Marin Concession

**Efficient, Low Cost Operator with Exceptional
Exploration and Production Track Record**

Exceptional Track Record and Expertise



- 82% success rate in exploration drilling since 1998, when Etame drilling began
- 100% success rate in the drilling and completion of development wells
- Industry-wide, success rates are approximately 1 in 3 for exploration drilling¹

VAALCO Drilling History (1998 to date)									
Exploration & Appraisal Wells					Development Wells				
Well	Date	Field	Type	Result	Well	Date	Field	Type	Result
ET-1V	'98	Etame	Expl.	Success	ET-3H	'02	Etame	Devel.	Success
ET-2V	'99	Etame	App.	Success	ET-4H	'02	Etame	Devel.	Success
ET-3V	'01	Etame	App.	Success	ET-5H	'04	Etame	Devel.	Success
ET-4V	'01	Etame	App.	Success	ET-6H	'05	Etame	Devel.	Success
EBO-1	'03	Ebouri	Expl.	Success	ET-6HST	'05	Etame	Devel.	Success
ET-5HP	'04	Etame	Pilot	Success	ETBSM-1	'06	Etame	Devel.	Success
EAVOM-1	'04	Avouma	Expl.	Success	EAVOM-2H	'06	Avouma	Devel.	Success
EAVSM-1	'05	Avouma	Expl.	Dry Hole ⁽¹⁾					
EBO-1 ST1		Ebouri	App.	Success					
EBO-1 ST2		Ebouri	App.	Success					
UKCS 9/28b	'07	na	Expl.	Non-Commercial					

(1) Although dry, effectively proved-up additional Avouma reserves

VAALCO's Drilling Success Rates are Among the Best in the Industry

1. Source: U.S. Energy Information Administration (EIA)

Current Exploration Program Represents the Highest Level of Exploration and Development in the Company's History



- Drilling 7 exploration and 2 development wells over the next 6 to 18 months
- On an unrisksed basis, this drilling program exposes VAALCO stockholders to > 50 MM net barrels (> 8x VAALCO's current 6.2 MMbbl in reserves)
 - Even at modest success rates, potential for dramatic increases in stockholder value
- Arrangements in place to contract for 2 offshore jackup drilling rigs for Gabon
 - Anticipate drilling at least 3 exploration wells and 1-2 development wells
 - In addition to 2 development wells already underway

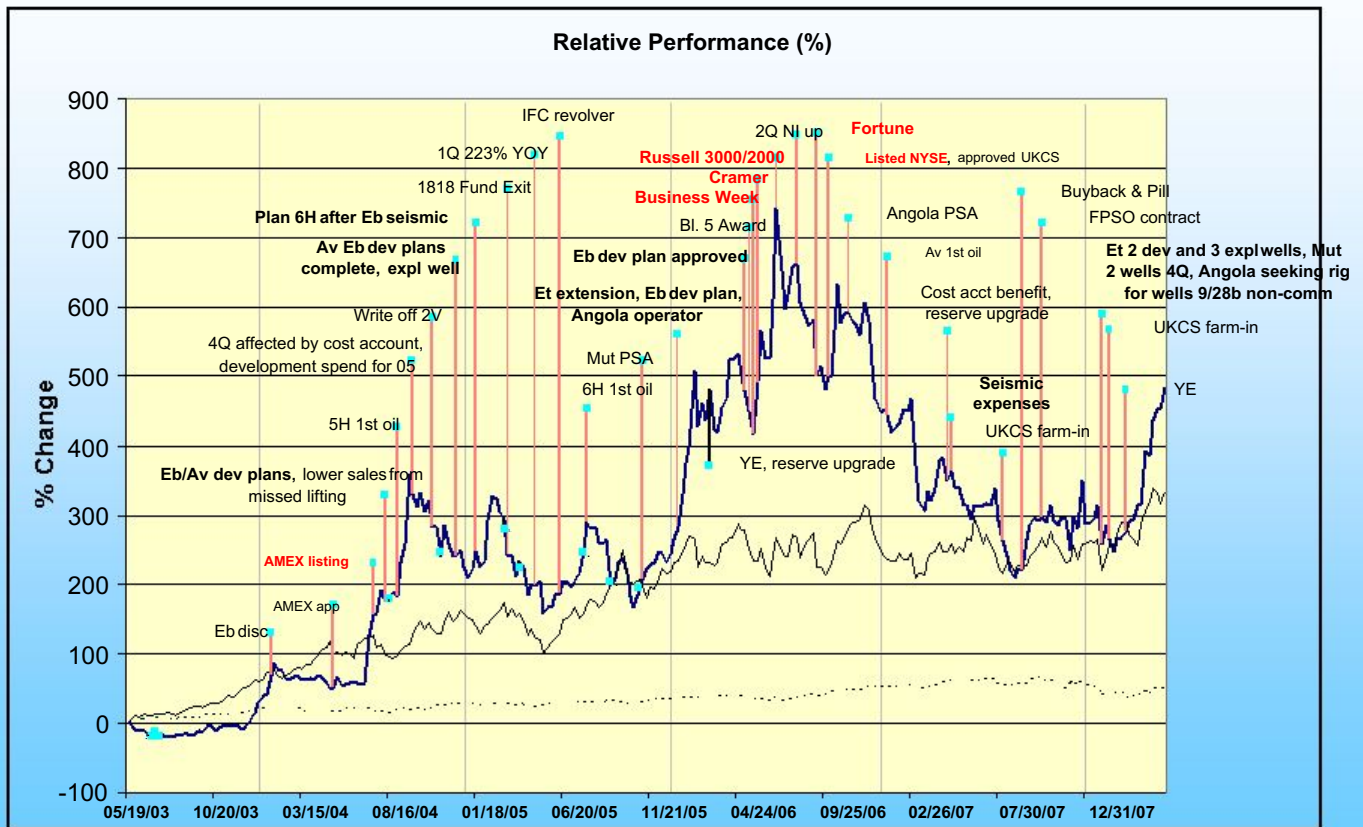
	Property				Total
	Etame Marin	Mutamba Iroru	Angola Block 5	NW Vulcan	
Proved Reserves (net mmboe)	6.2	0.0	0.0	0.0	6.2
Potential of Leads in Drilling Program (unrisksed mmboe)					
Gross	71.5	36.3	42.3	6.0	156.1
Net to VAALCO	17.6	15.7	16.9	1.5	51.7
Exploration Akerage (gross)					
Acres	759,040	270,333	1,410,478	12,000	2,451,851
GOM Blocks Equivalent	152	54	282	2	490

- 2 years of preparation and planning with partners and host governments

During this time VAALCO acquired and interpreted seismic, contracted for its concession in Angola and constructed 2, \$100 MM platforms for installation in Gabon

2008 is Expected to Be a Break-Out Year for Value Creation

Focused, Stable and Professional Management Over the Lengthy E&P Business Cycle

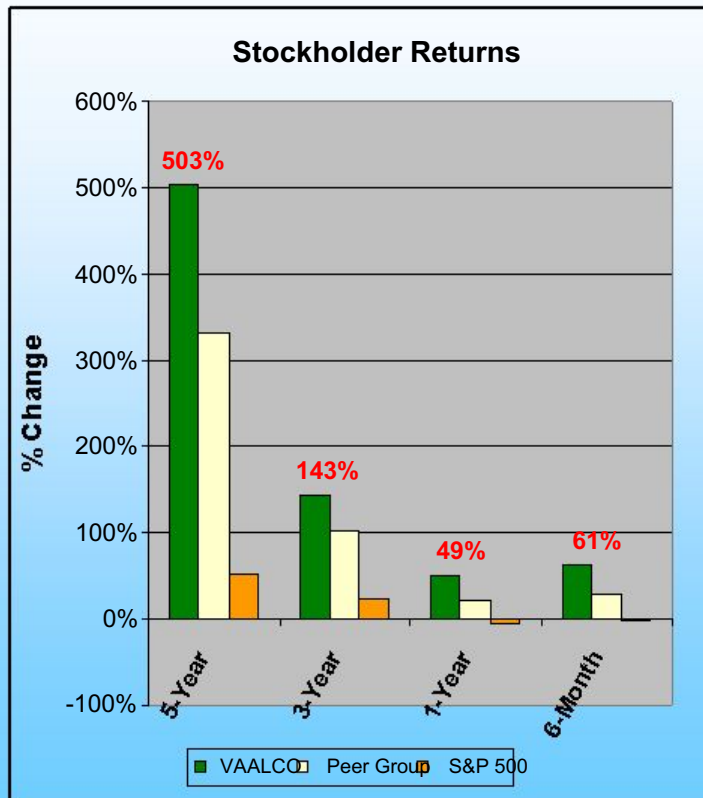


Stock Price Surges As We Move to the Drilling Phase – Precisely Where We are Now



II. Superior Returns and Financial Performance

Superior Stock Price Performance and Stockholder Returns

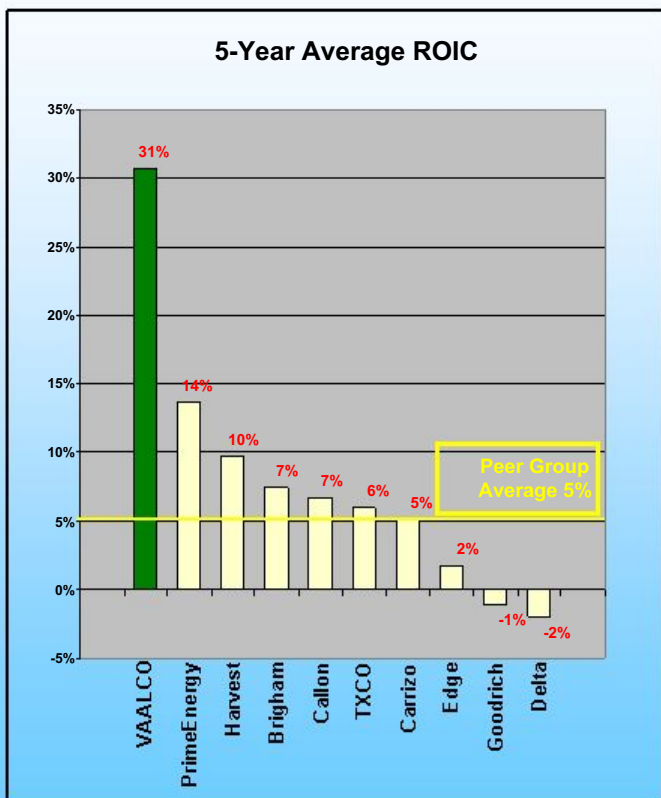


Source: CapitalIQ

- VAALCO's stock price performance has exceeded that of its peer group¹ – and far exceeded the broader market – over all meaningful periods

1. The peer group is as defined by the independent governance and proxy advisory firm RiskMetrics (ISS): Brigham Exploration Co. (NasdaqNM:BEXP), Callon Petroleum Co. (NYSE:CPE), Carrizo Oil & Gas Inc. (NasdaqNM:CRZO), Delta Petroleum Corp. (NasdaqNM:DPTR), Edge Petroleum Corp. (NasdaqNM:EPEX), TXCO Resources, Inc. (NasdaqNM:TXCO), Goodrich Petroleum Corp. (NYSE:GDP), Harvest Natural Resources Inc. (NYSE:HNR), Pacific Ethanol, Inc. (NasdaqNM:PEIX), PrimeEnergy Corp. (NasdaqSC:PNRG), Quest Resource Corp. (NasdaqNM:QRCP); peer group companies are indexed on a market capitalization weighted basis; in this presentation, over the 5-year measurement period, the peer group index excludes Pacific Ethanol, Inc. (NasdaqNM:PEIX), which entered trading on the Nasdaq Global Market on March 24, 2005. 5-year and 3-year relative performance charts use weekly average prices

#1 Among Peers on 5-Year Return on Invested Capital (ROIC)[†]

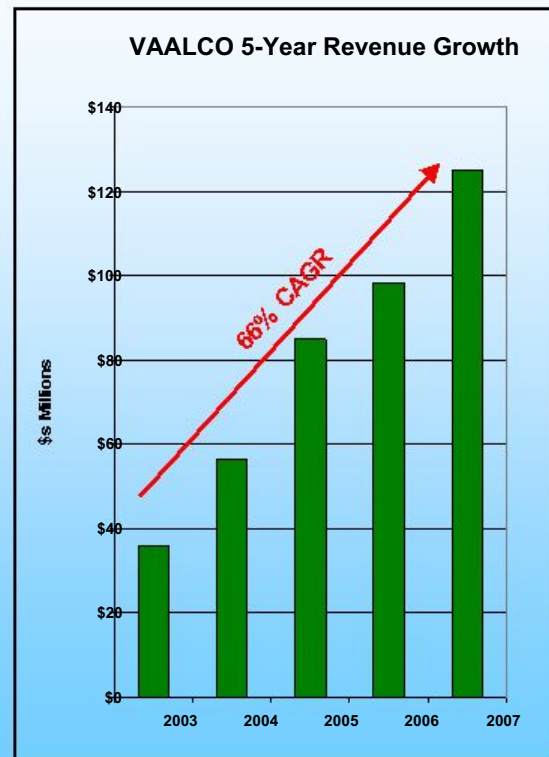
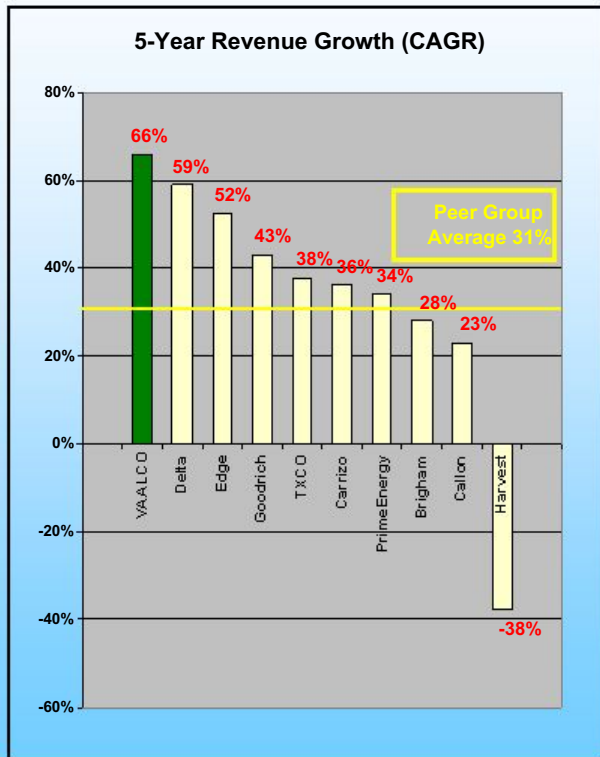


- 5-Year ROIC far in excess of peer group and among the highest in the industry

[†] Using John S. Herold, Inc.'s methodology, 5-Year ROIC calculated as the 5-year weighted average of the sum of net income to common plus preferred dividends plus minority interest expense plus adj. net interest expense; over average capital employed (year-end + prior year-end / 2), calculated as the sum of: ST debt plus LT debt plus volumetric production payments plus book value of common plus book value of preferred plus minority Interest

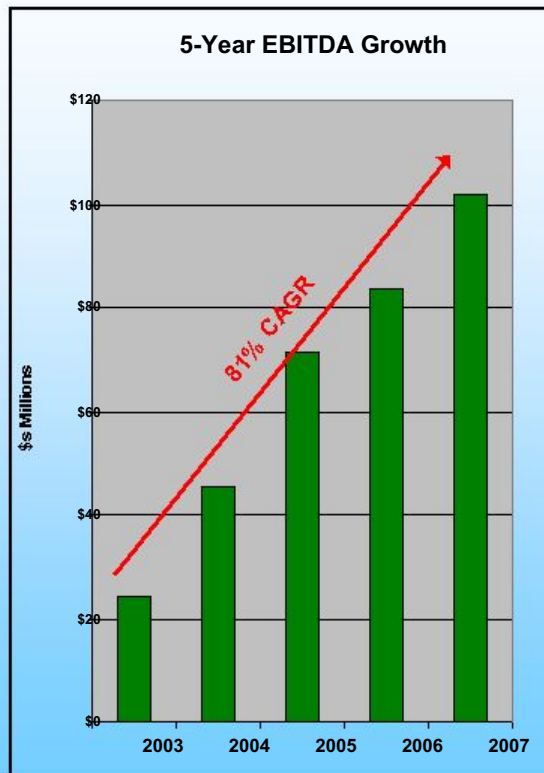
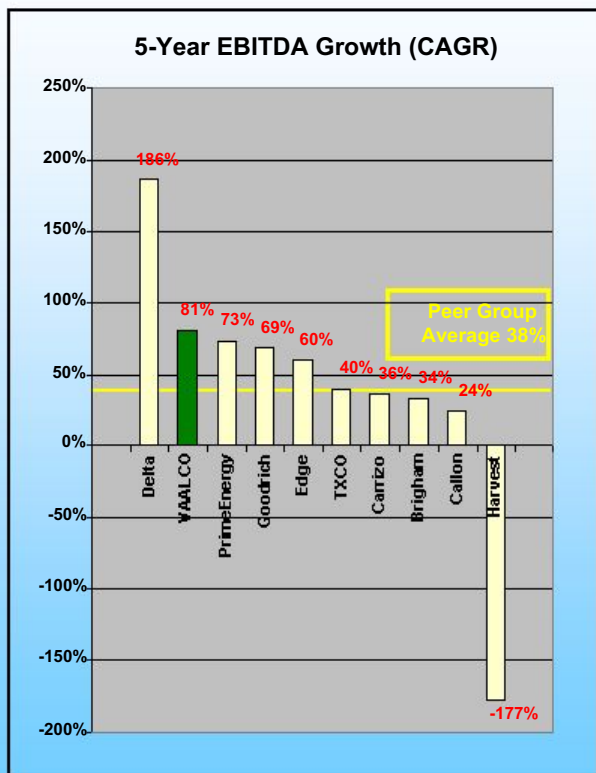
Note: figures for Quest Resource Corporation are not available because of change in reporting periods
Source: John S. Herold, Inc.

#1 Among Peers on 5-Year Revenue Growth



Note: figures for Quest Resource Corporation are not available because of change in reporting periods
 Source: John S. Herold, Inc.

#2 Among Peers on 5-Year EBITDA[†] Growth



† Note: in order to adjust for differences between oil and gas companies that use "successful efforts" accounting and those that "full cost" accounting (see next slide for details), EBITDA is calculated before exploration costs (commonly known as EBITDAX)
 Note: figures for Quest Resource Corporation are not available because of change in reporting periods
 Source: John S. Herold, Inc., CapitalIQ

Successful Efforts Accounting, “Liftings” and the “Cost Account”



1. **Successful efforts¹ accounting** is the SEC’s preferred method of accounting for exploration – use of the successful efforts convention results in unusually low net income in any period where there are exceptional exploration expenses, such as an unsuccessful well or large payments for the acquisition of seismic data
 - VAALCO uses the convention as we believe it is a more transparent way to report performance
2. **Irregularity in the timing of crude oil sales (so-called “liftings”)** results in unusually low net income in any period that a lifting is missed, and unusually high net income in periods where there are extra liftings to “catch-up” with inventory
 - VAALCO’s taxes are recognized based on barrels of oil produced per month², but revenues are recognized only when oil is sold (lifted)
 - At any time VAALCO can have up to 1.1 MM gross barrels in inventory
3. **In the Etame concession, VAALCO receives a form of tax deduction for capital spending (“costs”) and can carry-forward amounts not yet deducted in a “cost account”** – VAALCO experiences higher taxes, and lower net income, in any period where there is limited capital spending and no balance in the Cost Account

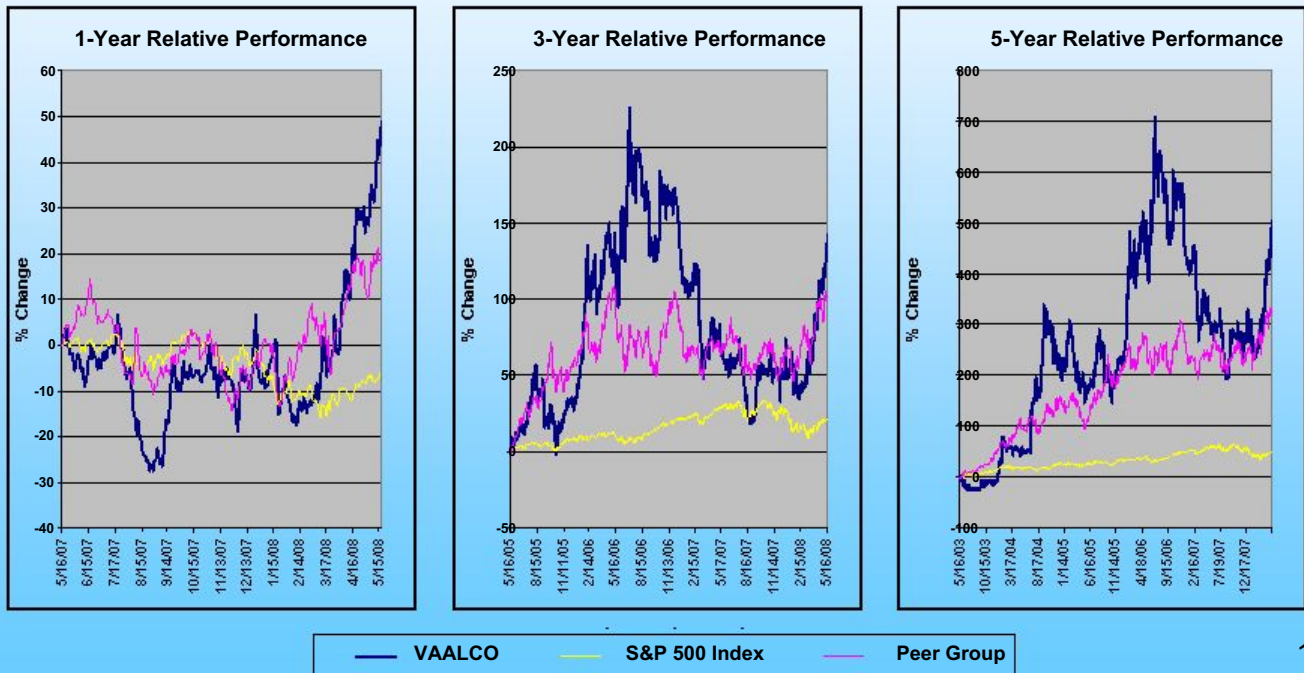
All 3 of These Transitory Factors Impacted VAALCO’s Net Income in the First Quarter of 2008

1. Under the successful efforts convention, all exploration costs except those related to successful drilling are expensed in the period incurred; under the full cost convention, the cost of both successful and unsuccessful exploration efforts are fully capitalized
2. Under U.S. and Gabonese law and VAALCO’s production sharing agreement (PSA) with the government of Gabon

Nanes Delorme Partners' Arguments Rest on Incorrect Assertions



- **Assertion:** VAALCO's stock price has underperformed its peers
 - VAALCO's stock price performance exceeds that of the ISS peer group over 6-month, 1-year, 3-year and 5-year lookbacks



Nanes Delorme Partners' Arguments Rest on Incorrect Assertions



- **Assertion:** VAALCO is undervalued on the basis of two ratios: (a) Enterprise Value (EV) / EBITDA and (b) Price / Earnings (P/E)
 - Nanes states these ratios to be “virtually all relevant comparable valuation metrics”; however, Nanes knows – or should know as a self-described “specialist” in the oil and gas industry – that EV/EBITDA and P/E ratios mean very little in the context of small-cap E&Ps
 - **EV / EBITDA:**
 - “*EBITDA multiples... are less useful for valuing oil and gas reserves, where depletion factors and exploration and development expenditures are difficult to incorporate in a single EBITDA multiple factor*” – John S. Herold, Inc. Valuation Methodology
 - **P/E Ratios:**
 - “*... oil industry earnings are frequently impacted by... fluctuations in commodity prices, the timing of exploration costs, income tax rates that vary with the geographic location of operations, and other accounting vagaries associated with capital intensive businesses. As a consequence, reported net income and, hence P/E ratios, are of limited utility in the valuation of an oil company.*” – John S. Herold, Inc. Valuation Methodology

E&Ps, and Smaller E&P's in Particular, Are Not Valued on the Basis of Simplistic Multiples



III. VAALCO's Board: Experienced, Proven and Committed to Maximizing Stockholder Value

VAALCO's Board: Independent, Engaged and Experienced



INDEPENDENT

- **5 of 7 directors are independent under NYSE listing requirements**
 - The 2 others being the Company's CEO and CFO
- **All committees are comprised solely of independent directors**
 - Audit
 - Compensation
 - Governance and Nominating

ENGAGED

- In 2007:
- **8 full board meetings**
 - **Quarterly sessions with only independent directors**
 - **7 committee meetings**
 - Audit (4)
 - Compensation (2)
 - Governance and Nominating (1)
 - **Board closely monitors implementation of strategy and operational results**
 - Board and all committee meetings conclude with an executive session of independent directors only

EXPERIENCED

- **More than 100 years of combined experience in the E&P industry, including international development**
- **4 of 7 directors current or former executive officers in the industry**
- **5 of 7 directors have served as directors of other public companies**
- **Balanced portfolio of complementary experience:**
 - International government relations and diplomacy
 - Geology and geophysics
 - Finance and accounting
 - Investment banking
 - Tax law

Continuing Director Nominees Possess Critical Skills and Experience



William S. Farish
Director since 2004

- Member of the Nominating and Corporate Governance and Compensation committees
- 35+ years of experience in the petroleum industry
- Former Ambassador to Great Britain with long standing business connections in the oil and gas industry
- Provides valuable perspectives on international relations in support of VAALCO's West African exploration efforts

Arne R. Nielsen
Director since 1989

- Member of the Audit Committee
- Pioneer of Canadian oil and gas Industry; 50+ years of experience in the petroleum industry includes 10 years as President of Mobil Oil Canada Ltd.
- Honors include: inductee into Petroleum Hall of Fame, Honorary Doctorate from the University of Alberta, named on *Albertans who had an impact on the 20th century*
- Current director of Softrock Minerals and Carma.; former Chairman of Shiningbank Energy Income Fund, Chairman of Serenpet, President, CEO and Chairman of POCO Petroleum Ltd., President and CEO of Bowtex Energy (Canada) and Chairman and CEO of Mobil Oil Canada

W. Russell Scheirman
President & CFO
Director since 1991

- President since 1992; designed and implemented all of VAALCO's exploration, drilling and development campaigns since joining the Company in 1991
- 30+ years experience in the petroleum industry
- Former petroleum reservoir engineer with Exxon, management consultant with McKinsey & Company and investment banker with Copeland, Wickersham and Wiley, a leading investment banking boutique specializing in the oil and gas industry

**Continuing Directors Have Been Central To Success Over The Long-Term E&P Cycle
Their Experience And Leadership Are Central To Current Drilling Program**

VAALCO's Other Directors Are Also Accomplished Leaders



Robert H. Allen

Areas of Expertise

- 50+ years in petroleum industry
- Accounting (CPA)
- Investment/Finance

Other Directorships

Current

- First City Bancorporation
- American Mining Congress

Former

- Gulf Resources and Chemical Corporation
- Gulf Canada Resources
- Gulf Indonesia Resources
- Federal Express
- University of Texas Investment Management Company

Executive Experience

- Chairman, CEO of Gulf Resources
- Chairman, CEO of Chemical Corporation

Other

- Managing Partner of Challenge Investment Partners
- Regent Emeritus of Texas A&M
- Board of Trustees of Baylor College of Medicine

Luigi P. Caflich

Areas of Expertise

- 45+ years in petroleum industry
- Geology and Geophysics
- Operating and management experience in VAALCO's core asset locations

Other Directorships

Former

- Pan-Ocean Energy

Executive Experience

- MD, Chevron Africa & Mid-East
- MD, Chevron Africa
- Deputy MD Europe, Chevron
- VP of Geoman, a Gulf affiliate
- GM, Gulf Exploration of UKCS
- Assistant to VP, Chevron Overseas Exploration

Other

- Ph.D. Geology and Geophysics

O. Donaldson Chapoton

Areas of Expertise

- Tax law for international corporations
- Legislative/Regulatory affairs

Other Directorships

Former

- American Exploration Company

Executive Experience

- Member of the Executive Committee, Breen Investors
- Partner-in-Charge, Baker Botts, LLP

Other

- Former Assistant Secretary for Tax Policy at the U.S. Treasury Department
- Nominated by President Reagan, confirmed by U.S. Senate and represented the Administration in presenting tax policy to U.S. Congress

Robert L. Gerry, III

Areas of Expertise

- 45+ years in petroleum industry
- Chairman, CEO since 1997

Other Directorships

Current

- Plains Exploration and Production
- Integrity Bank

Former

- Vice Chairman Nuevo Energy

Executive Experience

- Founder, President, COO of Nuevo Energy
- SVP of Energy Assets International

Other

- Director, Texas Children's Hospital
- Member, University of Texas Advisory Council

Committed to Maximizing Stockholder Value



- **VAALCO's Board is always open to considering bona fide offers that would provide stockholders with full and fair value for their shares – NO such offers have been received**
- **VAALCO's Board, with assistance of its financial and legal advisors, continuously reviews the Company's business plans and other value creating opportunities / strategic options**
- **Retained independent financial advisors over 1 year ago and have been evaluating:**
 - Concessions, farm-ins and acquisitions
 - Acquisitions of additional working interests in the Etame concession
 - Growth capital financing structures including PIPEs (private investment public equity)
 - Other opportunities / strategic options
- **Now is not the right time to sell VAALCO**
 - Stockholders are poised to benefit from the current drilling program
 - Selling now would transfer the value of a potential discovery to the acquiror
 - E&Ps do not receive full value on resources that have not been proved-out by drilling
 - Uncertain market conditions (including commodity price volatility and credit market instability) are likely to inhibit a robust sale process and the ability to obtain full and fair value for stockholders
- **After careful analysis and consideration, in September 2007 VAALCO's Board – with the assistance of the Company's financial and legal advisors – adopted a stockholders' rights plan ("Poison Pill"), as an appropriate defense to prevent an opportunistic acquisition at prices below VAALCO's intrinsic value**

Why Even One Nanes Delorme / Pilatus Energy Nominee is Bad for Stockholders – *Who Are They?*



Nanes Delorme

- Proxy campaign led by Julien Balkany, a 27-year old French citizen
- Formed 2000 by Daryl Nanes; based in New York
 - Suffered \$323,510 net loss in 2007
- Broker and adviser on African oil & gas transactions including:
 - Surestream Petroleum's "exclusive advisor" in a sale of up to 40% of its interests in the Ndunda Block, Democratic Republic of Congo
 - "Sole financial advisors" to Afren² in its acquisition of oil & gas properties in Angola² – all of Afren's oil & gas assets are located in West Africa
 - Advisor to Maurel & Prom, a company with extensive oil & gas operations in Gabon and Congo (Brazzaville), West Africa
- Self-proclaimed hedge fund formed January 2008
- Affiliated with investment bank Bear Stearns

1. Africa Energy Intelligence (AEI), "The New African Oil Trail Blazers", 2/20/08

2. AEI, "Abbas I. Yousef Al Yousef", 12/19/07

3. AEI, "Le Floch-Prigent's New Incarnation", 12/5/07

4. Reuters News, "Curtain Comes Down on Final Elf Graft Trial", 5/25/07

5. Associated Press, "Paris Court Orders Former Elf Chairman Freed From Prison on Medical Grounds", 4/8/04

6. The Guardian, "Gigantic Sleaze Scandal Winds Up as Former Elf Oil Chiefs are Jailed", 11/13/03

7. Associated Press, "Former French Oil Chief Testifies that Money Went to African Leaders", 3/19/03

8. Reuters News, "Former Elf Head Blames Unhappy Marriage for Graft", 4/14/03

Pilatus Energy

- Founded in 2006; based in Zug, Switzerland
- Purportedly led by Loik Le Floch-Prigent^{2,3}
 - "The name of the former Elf CEO doesn't appear on their list of executives but it is he who makes all of their investment decisions."³
- Le Floch-Prigent was convicted by a French court in 2003, sentenced to 5-years in prison and fined €375,000 for fraud, embezzlement, bribery and a kickback scheme through his management of Elf Aquitaine (known as "the Elf Affair")^{4,5}
 - "probably the biggest political and corporate sleaze scandal to hit a western democracy since the second world war"⁶
 - Used \$145 MM of public funds used to buy influence and contacts in Africa⁷
 - Accused of embezzling millions from Elf and using company funds to obtain political influence⁸
- Le Floch-Prigent was convicted again 1 year ago for misappropriating funds in connection with a bogus jobs scheme, receiving a 15-month suspended sentence and €60,000 fine⁴
- Reported to have acquired oil and gas properties in Mali and Congo and to be pursuing assets in Cameroon, Guinea and the Ivory Coast³

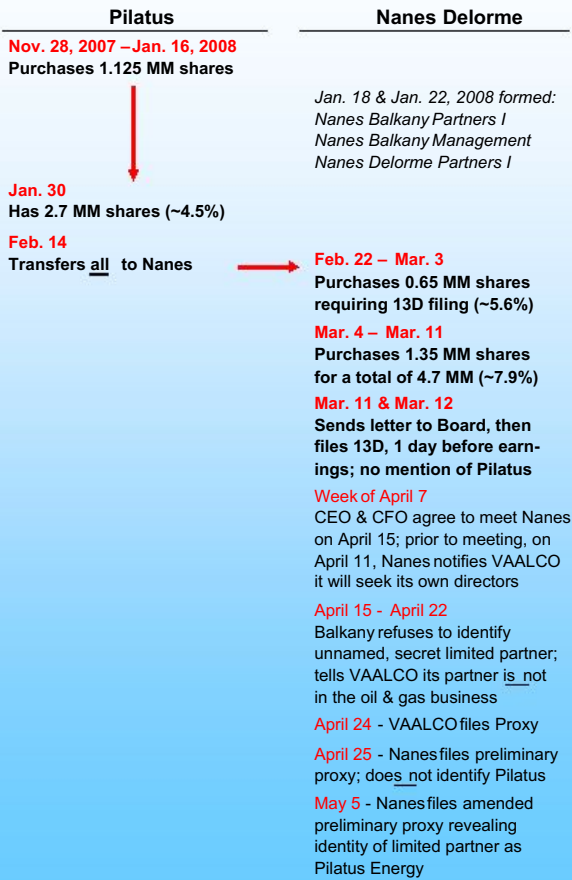
Why Even One Nanes Delorme / Pilatus Energy Nominee is Bad for Stockholders – *Significant Conflicts of Interest*



- The most competitive and important area of activity for E&P companies is the search for prospective drilling acreage and related information (such as whether properties are available and seismic data)
- Protecting this sensitive, proprietary information is crucial to an E&P company's success and a critical driver of value creation
- *We believe installing any competitor's paid representatives onto VAALCO's Board would inhibit discussion and create an untenable situation that limits meaningful review of VAALCO's opportunities and prospects – In our view, this would be detrimental to stockholder value and the future of VAALCO*

Nanes Delorme Partners and Pilatus Energy Have Significant Conflicts of Interest – They Do Not Belong on VAALCO's Board

Why Even One Nanes Delorme / Pilatus Energy Nominee is Bad for Stockholders – *True Intentions Are Unknown*



- **Pilatus acquired ~4.5% of VAALCO (just shy of SEC disclosure requirements) only recently, between November 30, 2007 and January 30, 2008; Nanes Delorme was not even formed until January 22, 2008**
 - Nanes told VAALCO on at least 3 occasions that its unnamed limited partner was not a competitor
 - Pilatus was only identified May 5, almost 2 months after the initial 13D, and an amended proxy
- **Pilatus’/Nanes’ goals are unclear; objectives do not seem aligned with other stockholders**
 - Refused on at least 2 occasions to enter into a non-disclosure agreement
 - Refused an offer by VAALCO – made prior to VAALCO learning of Pilatus’ involvement – of 1 Board seat and membership on a committee to review alternatives
 - Demanded (although a 7.9% holder): 3 Board seats and formation of a “special committee”, controlled by Nanes, to review alternatives including a corporate sale

Why Even One Nanes Delorme / Pilatus Energy Nominee is Bad for Stockholders – No Substantive Ideas



- **Nanes other stated ideas for VAALCO make little sense:**
 - *Core asset divestitures* – What assets, short of a sale of the entire company, does Nanes Delorme propose to divest?
 - Nanes Delorme itself states that “VAALCO is a company which has first class oil and gas properties, with a balanced portfolio of assets and substantial exploration upside in Angola and Gabon, which generates significant cash flow”
 - *Alternative listings* – Nanes Delorme provides no support whatsoever for its assertion that share performance would be affected by an alternative listing
 - Clear proof to the contrary – superior stockholder returns and operating performance
 - “Flowback” likely to lead to stock price declines
 - *Cease North Sea activity* – VAALCO’s North Sea activity is a small part of our overall business and is consistent with our strategy of obtaining new assets in politically stable regions where modern technology has the potential to unlock previously hidden reserves
 - 70 discoveries currently in the appraisal or development stage representing ~ 3 billion barrels of oil equivalent – new entrants are involved in 46 of these projects
 - Well understood geology resulting in low exploration risk and high drilling success rates
 - Government policies encourage new entrants and accelerated E&P
 - *Move headquarters to London, Paris or Geneva and close office in Aberdeen* –
 - Houston is widely known as the oil capital of the world, with an unsurpassed pool of talent and a low cost of living (the same cannot be said for London, Paris or Geneva)
 - Aberdeen is where all of the drilling professionals for VAALCO's operations are based and is an established international center for drilling expertise

Nanes' Nominees Add No Significant Skills or Experience



William S. Farish

- Former Ambassador to Great Britain
- Long standing industry business connections
- 35+ years experience in the petroleum industry
- Valuable perspectives on international relations in support of VAALCO's West African efforts

Arne R. Nielsen

- 50+ years experience in the petroleum industry
- Inductee into the Petroleum Hall of Fame
- Extensive operating and Executive Management industry experience, including 10 years as President of Mobil Oil Canada

W. Russell Scheirman

- Designed and implemented all of VAALCO's exploration, drilling and development campaigns since joining the Company in 1991
- 30+ years experience in the petroleum industry
- Former petroleum reservoir engineer with Exxon, consultant with McKinsey & Company and investment banker

Julian Balkany

- Age 27
- Managing Director, Nanes Delorme, oil & gas M&A investment broker to VAALCO's competitors
- No public company executive or Board experience

Clarence Cottaman III

- PetroFalcon Board member since June 2003; since 2005, stock has fallen from a high of C\$5.90 to C\$1.50; operating at a loss for the last 2 years
- Expertise already well represented on VAALCO's Board

Leonard Toboroff

- Current director of Engex, a closed-end investment company focused on the biotechnology, technology, gaming and distribution industries (market capitalization of \$9 MM), NOVTEC, a former developer of treatments for vascular diseases (no significant current operations) and SP Acquisition, a blank-check acquisition company (no significant operations)
- Director and Vice-Chairman of Allis-Chalmers Energy, which provides drilling equipment to the onshore domestic energy industry

VAALCO's Nominees Are the Right Choice



- **Independent and engaged Board made up of successful and experienced industry leaders**
 - Responsible for successful implementation of corporate strategy and stock price appreciation
 - Broad and complementary expertise in areas critical to VAALCO's business
 - 5 of 7 directors independent under NYSE listing requirements
 - All committees constituted solely of independent directors
- **Superior long-term value creation and financial performance**
 - 503% cumulative stockholder return over the last 5 years
 - Outperformed peer group over each of the last 6-month, 1-year, 3-year and 5-year periods
 - 31% 5-year average ROIC (among top 5% of the oil & gas industry)
 - 66% revenue CAGR over the last 5 years
 - 81% EBITDA CAGR over the last 5 years
- **Track record of superior operating achievements**
 - 82% success rate in exploration drilling since 1998, when Etame drilling began
 - 100% success rate in the drilling and completion of development wells since 1998
 - 50% increase in production since 2002
- **Strong growth expected to continue**
 - Drilling program underway exposes VAALCO stockholders to 8x current reserves
 - 7 planned exploration wells, 2 development wells, arrangements in place to contract for rigs
 - Drilling to commence this summer



VAALCO Energy, Inc.

Exceptional Exploration Track Record
Efficient, Low Cost Operator
Large, High Prospectivity Exploration Portfolio
Strong Cash Flow for Exploration, Production and Acquisitions

