# INTERNATIONALLY DIVERSIFIED | SUSTAINABLE GROWTH AND INCOME

## Key Attributes

- Global independent E&P with leading positions in high netback businesses in Europe, North America and Australia
- Self-funded growth and income model supported by high margins, low decline rates and strong capital efficiencies
- Defensive issue with multiple risk-reducing attributes: global commodity exposure, project diversification and relatively low financial leverage
- Consistent production growth from high-return, conventional and semi-conventional projects, coupled with inventory depth more typical of an unconventional producer
- All major business units generate free cash flow with stable-to-growing production
- Substantial management and director ownership and a consistent record of market out-performance

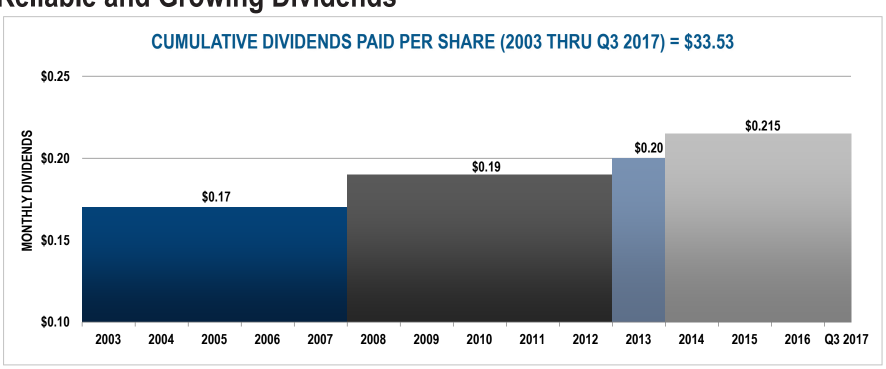

**VET LISTED: TSX NYSE**

## Relative Market Performance

| | Indices | 1 Year | 3 Year | 5 Year | 10 Year | 15 Year | Since Inception (23 Years) |
|---|---|---|---|---|---|---|---|
| ENERGY INDICES | S&P TSX Oil & Gas E&P Index | 52.5% | -9.1% | -6.7% | -5.1% | 4.4% | 4.9% |
| | S&P TSX Oil & Gas E&P Total Return Index | 55.9% | -6.2% | -3.6% | -1.8% | 7.3% | - |
| | S&P TSX High Income Energy Index | 30.4% | -8.2% | -4.1% | -1.6% | - | - |
| | MSCI World Energy Index | 22.8% | -7.4% | -1.8% | -0.7% | 4.4% | - |
| | S&P 500 Energy Index | 23.7% | -5.2% | 1.3% | 2.0% | 6.6% | 7.6% |
| | S&P 500 Energy Total Return Index | 27.4% | -2.5% | 3.9% | 4.3% | 9.0% | 10.3% |
| BROAD INDICES | MSCI World Index | 5.3% | 1.8% | 8.2% | 1.7% | 3.8% | 4.7% |
| | S&P 500 Composite Index | 9.5% | 6.6% | 12.2% | 4.7% | 4.6% | 7.3% |
| | S&P 500 Composite Total Return Index | 12.0% | 8.9% | 14.7% | 6.9% | 6.7% | 9.4% |
| | S&P TSX Composite Index | 17.5% | 3.9% | 5.0% | 1.7% | 4.7% | 5.7% |
| | S&P TSX Total Return Index | 21.1% | 7.1% | 8.2% | 4.7% | 7.4% | 8.4% |
| | **Vermilion Energy Total Return** | **57.1%** | **1.0%** | **8.7%** | **8.6%** | **15.6%** | **30.6%** |

Shaded values denote periods where Vermilion outperformed the relevant index.
1 through 15-year compounded annual growth rates calculated to December 31, 2016; since inception calculated from April 15, 1994 to December 31, 2016.

## Reliable and Growing Dividends




**VERMILION HAS BEEN PAYING A MONTHLY DIVIDEND SINCE 2003**

## Capital Markets Summary

| Market Summary | |
|---|---|
| Trading Price (September 21, 2017) | $45.94 (TSX), $37.24 (NYSE) |
| Ticker Symbol (TSX & NYSE) | VET |
| Shares Outstanding | 121.6 million |
| Average Daily Trading Volume (shares) | 0.8 million |
| Monthly Dividend | $0.215/share |
| Dividend Yield | 5.6% |
| Director and Employee Ownership* | 6.5% |
| **Capital Structure** | |
| Market Capitalization | $5.6 billion |
| Enterprise Value | $6.9 billion |
| Net Debt (including net working capital) | $1.3 billion |
| Net Debt-to-FFO Ratio | 2.3 x ** |

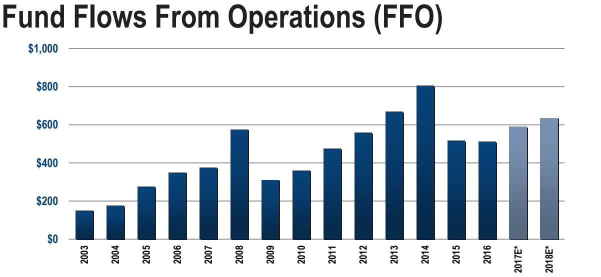
* Based on fully-diluted shares. ** Net debt to fund flows from operations (FFO) - based on trailing twelve month FFO at June 30, 2017. Non-GAAP measures, see Investor Presentation Advisory.

## Production Growth and Capex

| Year | Production (BOE/D) | Y/Y Production Growth* | Y/Y PPS Growth* | E&D CAPEX ($MM) | Capital Intensity ($/BOE/D)** |
|---|---|---|---|---|---|
| 2011 | 35,202 | 10% | 6% | 491 | 13,900 |
| 2012 | 37,803 | 7% | 0% | 453 | 12,000 |
| 2013 | 41,005 | 8% | 5% | 543 | 13,200 |
| 2014 | 49,573 | 21% | 16% | 688 | 13,900 |
| 2015 | 54,922 | 11% | 7% | 487 | 8,900 |
| 2016 | 63,526 | 16% | 10% | 242 | 3,800 |
| 2017E | 69,000 - 70,000 | 10% | 6% | 315 | 4,500 |
| 2018E | 75,000 - 76,000 | 9% | 6% | 340 | 4,500 |

* Production and production per share growth for 2017E to 2018E is calculated based on top-end of guidance range. ** Capital Intensity calculated as E&D Capex divided by daily production.

## Fund Flows From Operations (FFO)




* Company estimates as at September 18, 2017. 2017 FFO estimate based on 8 months of actual prices with remainder of year at strip. 2018 FFO estimate based on strip. 2017/2018 strip at September 18, 2017: Brent (US$/bbl) $54.73/$54.68; WTI (US$/bbl) $50.17/$51.23; MSW = WTI less US$2.80/$3.55; TTF ($/mmbtu) $7.37/$7.41; AECO ($/mmbtu) $2.14/$2.47 CAD/USD 1.22/1.22; CAD/EUR 1.46/1.48 & CAD/AUD 0.98 /0.97. Includes existing hedges. FFO is a non-standardized measure (see Investor Presentation Advisory).

## NORTH AMERICAN ASSETS

### Canada

**SIGNIFICANTLY ADVANTAGED PLAYS IN THE CARDIUM, MANNVILLE AND MIDALE**

- Production and assets focused in West Pembina near Drayton Valley and Northgate in SE Saskatchewan
- In West Pembina, potential for three significant development projects sharing the same surface infrastructure
  - Cardium light oil development - 100,000 net acres (1,800 m depth)
  - Mannville liquids-rich gas development - 210,000 net acres (2,400 - 2,700 m depth)
  - Over 85,000 net acres in Duvernay liquids-rich gas resource play (3,200 - 3,400 m depth)
- Canadian cash flows fully tax-sheltered for 10+ years

### United States - Wyoming Development

**LOW-COST LIGHT OIL DEVELOPMENT PROJECT WITH SIGNIFICANT LEARNING CURVE POTENTIAL**

- Entered U.S. in September 2014
- Large, operated contiguous land position (81,500 net acres at 100% working interest) in the Powder River Basin with promising horizontal tight oil Turner Sand development project (99% undeveloped)
- Shallow depth of approximately 1,500 metres
- 2017 three-well program resulted in combined production at 760 boe/d in third month of production, setting the stage for increased future development

## EUROPEAN ASSETS

### France

**VERMILION IS THE #1 OIL PRODUCER IN FRANCE**

- Entered France in 1997
- Assets characterized by large OOIP conventional fields with high working interest (OOIP in 5 largest fields >1.7 billion barrels of oil)
- Workover, infill drilling and secondary recovery opportunities
- Strong free cash flow generator with organic growth
- Brent indexed production base with low base decline rate

### Netherlands

**WORLD CLASS CONVENTIONAL NATURAL GAS BASIN**

- Entered Netherlands in 2004 and currently the #2 onshore gas producer
- High impact natural gas drilling and development
- Strong gas price, favorable fiscal regime, and low OPEX enhance netbacks
- Seven consecutive years of organic production growth while generating free cash flow
- Undeveloped land base of ~800,000 net acres

### Germany

**STRATEGICALLY POSITIONED TO CAPTURE OPPORTUNITIES IN EUROPE'S LARGEST GAS MARKET**

- Largest gas market in Europe, with a long history of oil and natural gas development
- Country-wide production is approximately 48 kbbl/d of oil and 0.75 bcf/d of natural gas (170 kboe/d)
- Consistent fiscal framework and low political risk
- Largely contiguous land position of approximately 1.1 million net acres in the prolific North German Basin, which is responsible for ~97% of Germany's historical onshore production

### Ireland

**HIGH NETBACK NATURAL GAS + MINIMAL FUTURE CAPEX = SIGNIFICANT FREE CASH FLOW**

- Vermilion currently holds 18.5% non-operated interest in the Corrib gas field, offshore Ireland
- At closing of recently announced strategic partnership with Canada Pension Plan Investment Board, Vermilion expects to assume operatorship of Corrib and increase ownership by 1.5% to 20%
- Production volumes avg. 64.3 mmcf/d (10,718 boe/d) through first half of 2017, ~ 98% of rated capacity
- No royalties, low OPEX and minimal ongoing CAPEX translate to high netbacks and significant free cash flow

### Central and Eastern Europe

**FOCUSED ON ESTABLISHING LOW COST POSITIONS IN THE UNDER-EXPLOITED PANNONIAN BASIN**

- HUNGARY: Awarded South Battonya and Ebes concessions in 2014 and 2015 covering more than 320,000 acres (100% working interest) for 4 year terms
- CROATIA: Awarded 4 exploration concessions covering nearly 2.35 million acres (100% working interest) for a 5 year term in 2016, making Vermilion the largest onshore landholder in Croatia
- SLOVAKIA: Awarded farm-in agreement with NAFTA, Slovakia's dominant E&P, granting 50% working interest to jointly explore 183,000 acres on an existing license

## AUSTRALIAN ASSETS

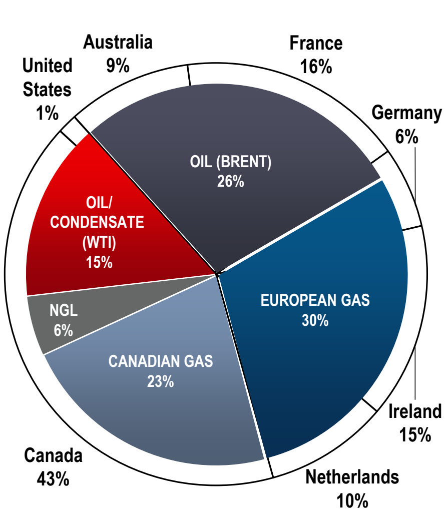
### Australia

**STABLE ASSET DELIVERING PREMIUM TO BRENT PRICING AND STRONG FREE CASH FLOW**

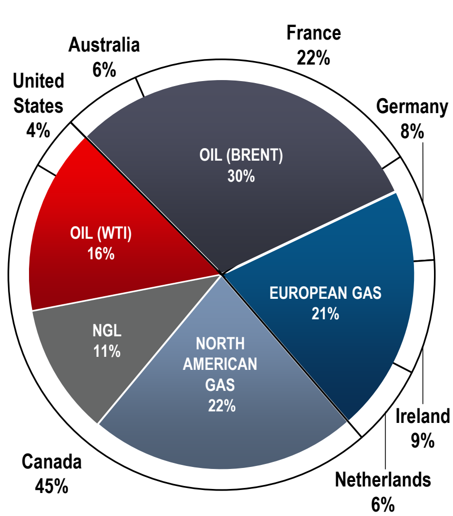
- Entered Australia in 2005
- Offshore oil field ~80 km NW. of Australia (55 m water depth)
- Horizontal well development with 18 wellbores and five lateral sidetracks
- Wells 600m below sea bed with 1,500 - 3,700 m measured depths
- Contracted oil production receives a premium to Dated Brent index

## Commodity Mix

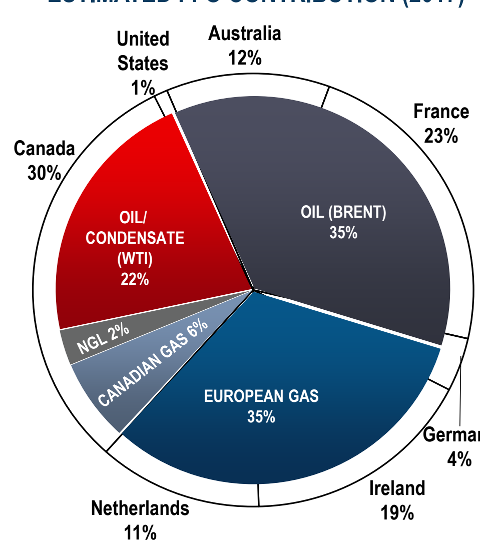
**PRODUCTION (2017)***




**2P RESERVES (YE 2016)****




**ESTIMATED FFO CONTRIBUTION (2017)***




*Company estimates as at September 18, 2017. FFO Contribution is a non-standardized measure (see Advisory) and excludes interest expense. FFO estimate based on 8 months of actual prices and remainder of year at September 18, 2017 strip: Brent US$54.73/bbl; WTI US$50.71/bbl; MSW = WTI less US$2.80; TTF $7.37/mmbtu; AECO $2.14/mmbtu; CAD/USD 1.22; CAD/EUR 1.46 & CAD/AUD 0.98. Includes existing hedges.
** Proved plus probable (2P) reserves as evaluated by GLJ (see Investor Presentation Advisory).

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