Letter to Shareholders

Dear Shareholders,

The Annual General Meeting of Vermilion Energy Inc.'s ("Vermilion" or the "Company") shareholders is being held on May 11, 2022 at 3:00 pm (Mountain time). Our Meeting will be held as a virtual-only shareholder meeting.

To participate in the Meeting, please access https://web.lumiagm.com/299274697. The password for use at the Meeting is vermilion2022. For additional information on how to access the Virtual Meeting, please refer to the Virtual Meeting Guide on our website at: https://www.vermilionenergy.com/2022agm.

Highlights

In 2021, we delivered production near the upper end of our guidance range and generated record fund flows from operations ("FFO") which enabled us to significantly reduce our debt position and leverage ratios. We also completed our leadership transition including the internal promotion of several key individuals and the appointment of Dion Hatcher as President, effective January 1, 2022. With this new leadership team in place, and a much stronger balance sheet, Vermilion is in a position to move forward with its long-term strategy of creating value for our stakeholders.

Balance Sheet

We entered 2021 with an over-leveraged balance sheet at 4 times net debt to trailing funds flow, and our number one financial priority of net debt reduction was reemphasized. With this goal in focus, we announced a modest capital budget aimed at preserving liquidity, maximizing free cash flow and reducing debt while positioning the Company for long-term success. With the help of a strong commodity pricing environment and our disciplined approach to allocating capital, we not only achieved our objectives but were able to do so at an accelerated pace. We reduced our net debt[1] by $365 million in 2021 and exited the year with a net debt to trailing funds flow ratio[2] of 1.8 times, less than half of what it was at the start of the year. In addition to accelerating debt reduction, in 2021 we also announced an inventory consolidation deal in the United States and a high return, low risk European gas acquisition to consolidate our operated natural gas asset in Ireland, which will significantly enhance our free cash flow profile and ability to return capital to investors.

Financial and Operational Results

For the full year 2021, we delivered average annual production of 85,408 boe/d which was at the top end of our upwardly revised guidance range of 84,500 to 85,500 boe/d. We generated record FFO[3] of $920 million and record free cash flow ("FCF")[4] of $545 million, representing a year-over-year increase of 83% and 304%, respectively. The majority of FCF was used to reduce debt and fund several strategic consolidating acquisitions, which will add value over the long-term. Net earnings were $1.1 billion which benefited from the reversal of asset impairment charges from prior years due to the recovery in commodity prices.

During the final quarter of the year, we delivered strong financial and operating results while continuing to reduce debt. All of the global commodity benchmarks that we have exposure to increased in the fourth quarter as supply and demand fundamentals strengthened. European natural gas prices were exceptionally strong, increasing approximately 88% compared to the previous quarter. The TTF benchmark averaged approximately $39/mmbtu during the fourth quarter and reached close to $80/mmbtu towards the end of December 2021 due to colder weather, supply constraints and geopolitical tension in the region. Our internationally diversified portfolio provides exposure to global commodity prices which continues to be a key strategic advantage for Vermilion. As a result of the strong commodity prices and strong operational results that delivered stable production of 84,417 boe/d, we reported record FFO of $322 million in Q4 2021, representing a 23% increase over the prior quarter and a 138% increase over Q4 2020. We generated $176 million of FCF in Q4 2021 which was primarily used to reduce debt. Our net earnings increased to $327 million in Q4 2021, representing a $474 million increase compared to the prior quarter.

Following the announcement in November 2021 of our agreement to consolidate an incremental 36.5% interest in Corrib, the price for European gas has increased significantly. Including the deal contingent hedges put in place shortly after the deal was announced, we now forecast 2022 FCF from the acquired Corrib interest of approximately $500 million[5], which represents over 80% of the estimated purchase price, including the anticipated contingent payment. The increase in European natural gas prices combined with the deal contingent hedges, now implies an anticipated payback period of less than two years and an IRR in excess of 50%, compared to 41% at the time of announcement. This acquisition serves as another example of the unique high IRR acquisition opportunities we have access to in Europe, owing to our long and successful operating history in the region. With an effective date of January 1, 2022, all interim FCF generated from the acquired interest in Corrib is being accrued to Vermilion and will be netted off the purchase price at the time the deal closes, which we continue to anticipate during the second half of 2022.

Sustainability

Vermilion continued to deliver superior Environmental, Social and Governance ("ESG") performance based on rankings by third party rating agencies in 2021. We ranked at the top of our peer group in 2021 in the S&P Global Corporate Sustainability Assessment ("CSA"). The Company was also selected for The Sustainability Yearbook 2022, which recognizes that our CSA sustainability performance is within the top 15% of our industry (S&P Global's Upstream Oil & Gas and Integrated category). Vermilion maintained our rating of "AA" on a scale of AAA (leader) to CCC (laggard) in the MSCI ESG Ratings assessment, which reflects exposure to industry-specific ESG risks and the ability to manage those risks. We received a "B" in 2021 for both CDP Climate and CDP Water submissions, a combined performance that places the Company tied for the top decile of oil and gas companies globally. In August 2021, we released our 2021 Sustainability Report, marking the Company's 8th year of ESG reporting.

Outlook

We are off to a strong start in 2022 and we will continue to prioritize debt reduction until we achieve our next target level of $1.2 billion of net debt. Based on recent strip forward commodity prices, we expect to reach this targeted debt level in the second half of 2022. During 2022 we will continue to evaluate the return of capital to our shareholders which may include an increase to our quarterly dividend, share buybacks, a special dividend, or any combination thereof. This is truly an exciting time for Vermilion and our shareholders, and we look forward to providing updates as the year progresses.

We thank you for your trust and support,

(Signed "Lorenzo Donadeo")	*(Signed "Dion Hatcher")*
Lorenzo Donadeo Executive Chairman	Dion Hatcher President

Notes:

1. *See "Non-GAAP Financial Measures and Other Specified Financial Measures" in the 2021 Annual MD&A available on SEDAR at www.sedar.com and under Reports & Filings on www.vermilionenergy.com for information relating to this capital management measure which has been incorporated by reference in this document.*
2. *Non-GAAP financial ratio which is not a standardized measure under IFRS and may not be comparable to similar financial measures disclosed by other issuers. See "Non-GAAP Financial Measures and Other Specified Financial Measures" in the 2021 Annual MD&A available on SEDAR at www.sedar.com and under Reports & Filings on www.vermilionenergy.com for information relating to this non-GAAP ratio which has been incorporated by reference in this document.*
3. *See "Non-GAAP Financial Measures and Other Specified Financial Measures" in the 2021 Annual MD&A available on SEDAR at www.sedar.com and under Reports & Filings on www.vermilionenergy.com for information relating to this total of segments measure which has been incorporated by reference in this document.*
4. *Free cash flow is a non-GAAP financial measure most directly comparable to cash flows from operating activities. FCF is comprised of funds flows from operations less drilling and development and exploration and evaluation expenditures. The measure is used to determine the funding available for investing and financing activities including payment of dividends, repayment of long-term debt, reallocation into existing business units and deployment into new ventures. Information is included in this document by reference and reconciliation to primary financial statement measures can be found in the "Non-GAAP Financial Measures and Other Specified Financial Measures" section of the 2021 Annual MD&A on SEDAR at www.sedar.com and under Reports & Filings on www.vermilionenergy.com.*
5. *Based on strip pricing as of March 2, 2022: Brent US$99.68/bbl; WTI US$93.06/bbl; LSB = WTI less US$4.22/bbl; TTF $58.44/mmbtu; NBP $57.47/mmbtu; AECO $4.72/mmbtu; CAD/USD 1.27; CAD/EUR 1.42 and CAD/AUD 0.92.*