



## 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 over the long-term
- Industry leader in sustainability and ESG performance
- Substantial employee and director ownership and a consistent record of market out-performance

### Capital Markets Summary

#### Market Summary

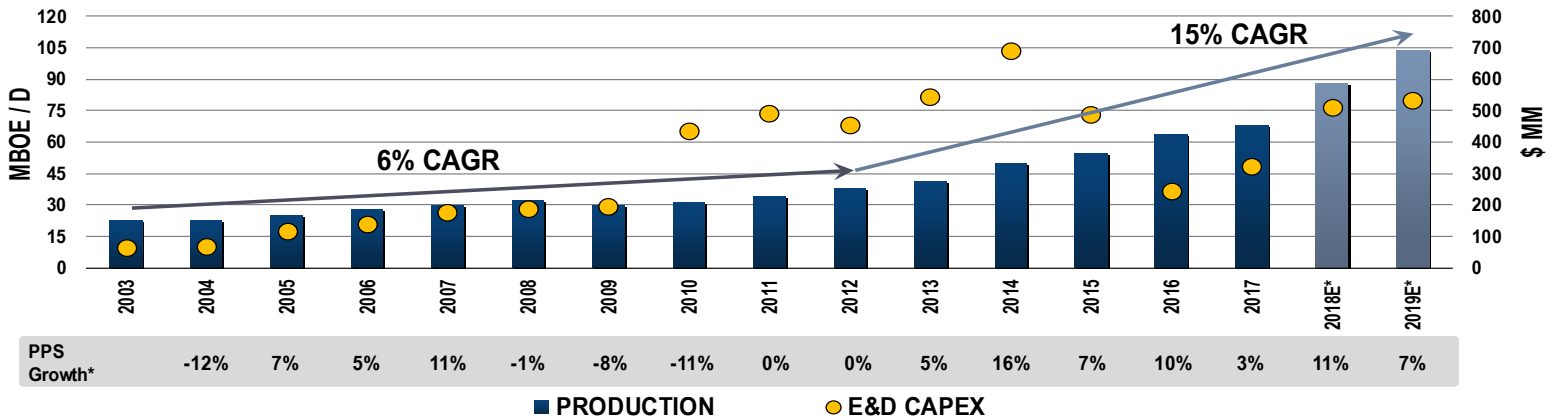
Trading Price (January 31, 2019)	\$32.20 (TSX), \$24.55 (NYSE)
Ticker Symbol (TSX & NYSE)	VET
Shares Outstanding (September 30, 2018)	152.5 million
Average Daily Trading Volume (shares)	1.2 million
Monthly Dividend	\$0.23/share
Dividend Yield	8.6%
Director and Employee Ownership *	5%

#### Capital Structure

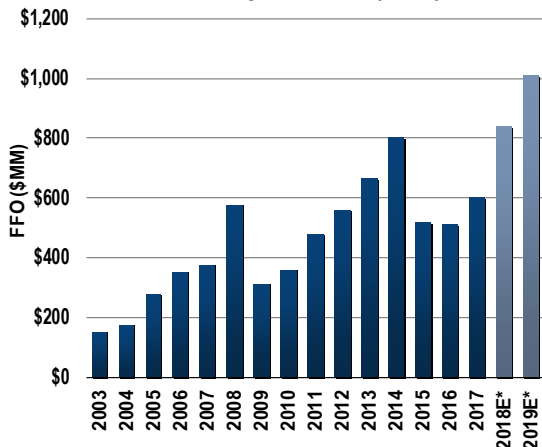
Market Capitalization	\$4.9 billion
Enterprise Value	\$6.9 billion
Net Debt (including net working capital, September 30, 2018)	\$2.0 billion
Net Debt-to-FFO Ratio **	1.95 x

### Production Growth

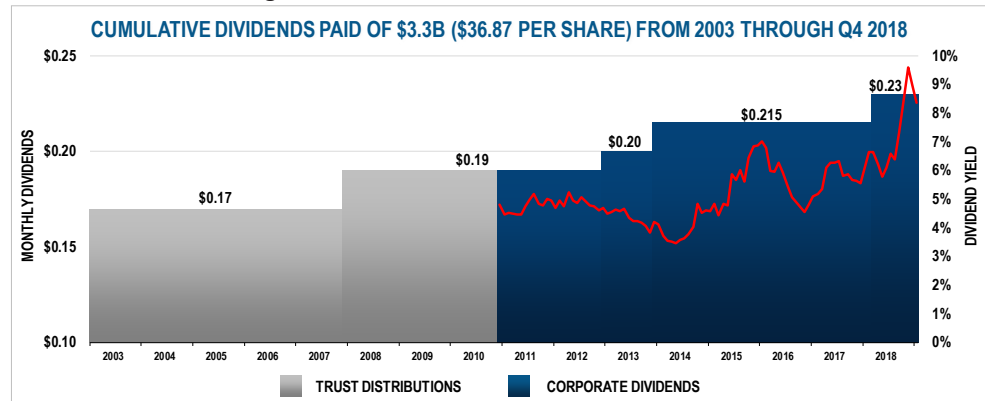
#### ANNUAL PRODUCTION VS E&D CAPITAL EXPENDITURES



### Fund Flows From Operations (FFO)



### Reliable and Growing Dividends



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

Capital Markets: \* Based on fully-diluted shares. \*\* Net debt to fund flows from operations (FFO) - based on Q3 2018 annualized FFO at September 30, 2018. Non-GAAP measures, see Advisory. Production: \* Production and production per share growth (PPS) for 2018 and 2019 is calculated based on the mid-point of guidance range. FFO: \* Company estimates as at January 22, 2019. 2018 FFO estimate based on 11 months of actuals, remainder of year at strip. 2019 FFO estimate based on strip. 2018/2019 strip at January 22, 2019: Brent (US\$/bbl) \$71.04/\$60.71; WTI (US\$/bbl) \$64.77/\$53.97; LSB = WTI less US\$8.30/\$2.94; TTF (\$/mmbtu) \$10.23/\$9.77; AECO (\$/mmbtu) \$1.53/\$1.47; CAD/USD 1.30/1.33; CAD/EUR 1.53/1.53 and CAD/AUD 0.97/0.95. Includes existing hedges. FFO is a non-standardized measure (see Advisory). E&D Capex includes sustaining and growth capital expenditures.

## CORE OPERATING AREAS



## NORTH AMERICAN ASSETS

### Canada

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

- Production and assets are focused in West Central Alberta and SE Saskatchewan
- In West Pembina, potential for three significant development projects sharing surface infrastructure
  - Mannville liquids-rich gas: 211,800 net acres (2,400 – 2,700 m depth)
  - Cardium light oil: 104,000 net acres (1,800 m depth)
  - Duvernay liquids-rich gas: 82,400 net acres in (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 United States in 2014
- Large, operated contiguous land position (83,500 net acres at 100% W.I.) in the Powder River Basin
- Promising tight oil Turner Sand development project (98% undeveloped), shallow depth of ~1,500 metres

## AUSTRALIAN ASSET

#### STABLE ASSET DELIVERING PREMIUM TO PRICED OIL

- Entered Australia in 2005 with offshore oil field ~80 km NW of Australia (55 m water depth)
- Horizontal well development with 18 wellbores and five lateral sidetracks
- Contracted oil production receives a premium to Dated Brent index

## EUROPEAN ASSETS

### France

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

- Entered France in 1997 with 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 are 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 FCF\*\*
- Undeveloped land base of ~800,000 net acres

### Germany

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

- Entered Germany in 2014, the largest gas market in Europe, with long history of oil and gas development
- Country-wide production is approximately 48 kbbbl/d of oil and 0.75 Bcf/d of natural gas (170k boe/d)
- Current land position of approximately 1.3 million net acres (97% undeveloped)
- Increased WI in high potential exploration acreage through farm-in and acreage trades

### Ireland

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

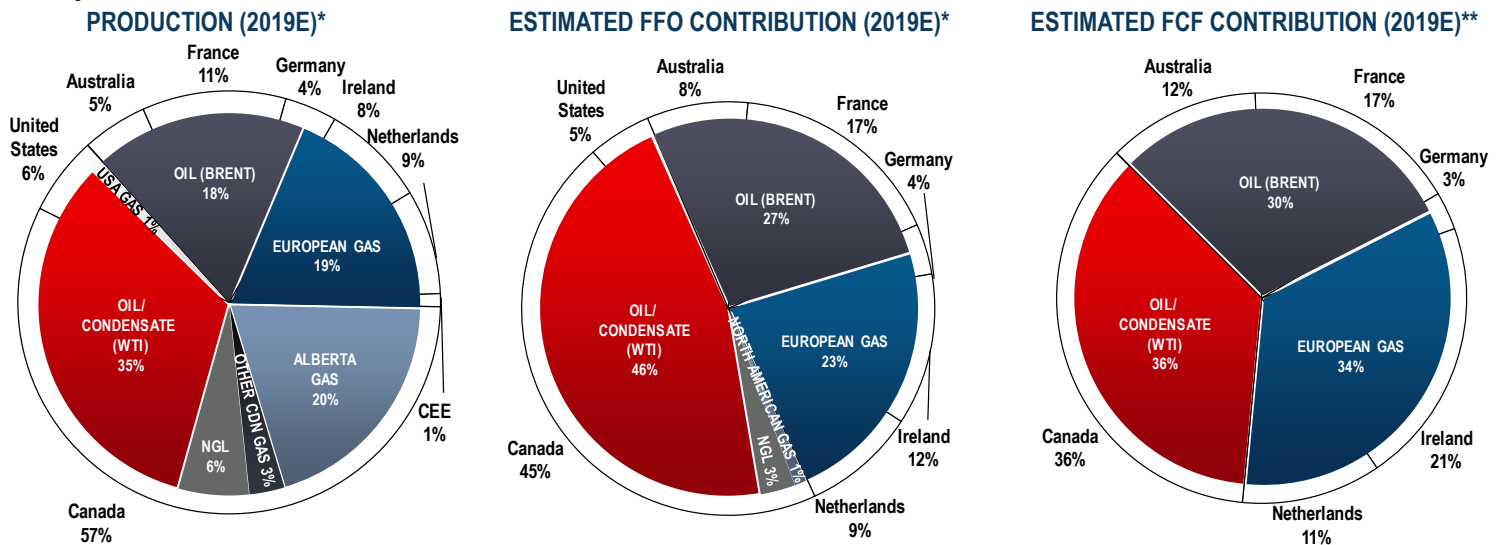
- Vermilion holds a 20% operated interest in the Corrib gas field, offshore Ireland
- Vermilion and Canada Pension Plan Investment Board have a strategic partnership in the project
- No royalties, low OPEX and minimal ongoing CAPEX translate to high netbacks and free cash flow

### Central and Eastern Europe

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

- HUNGARY: Hold more than 650,000 acres (100% W.I.) across the South Battyony, Ebes and Békéssámsón concessions awarded in 2014 to 2017; recently drilled first exploration well
- 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; plan to drill in 2019
- CROATIA: Awarded 4 exploration concessions of nearly 2.35 million acres (100% W.I.) for 5 year term in 2016, making Vermilion the largest onshore landholder; plan to drill in 2019 and 2020

## Commodity Mix



\*Company estimates as at January 22, 2019. FFO Contribution is a non-standardized measure (see Advisory) and excludes interest expense. FFO estimate based on January 22, 2019 strip: Brent US\$60.71/bbl; WTI US\$53.97/bbl; LSB = WTI less US\$2.94; TTF \$9.77/mmbtu; AECO \$1.47/mmbtu; CAD/USD 1.33; CAD/EUR 1.53 and CAD/AUD 0.95. Includes existing hedges. \*\* North American Gas, NGL, US and CEE have been excluded as those products and countries are estimated to produce not meaningful or negative FCF in 2019 at quoted strip above.

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