

MAY 3, 2023

# ANNUAL GENERAL MEETING

INTERNATIONALLY DIVERSIFIED | FREE CASH FLOW FOCUSED | ESG LEADERSHIP



VERMILION  
E N E R G Y



# PRESENTATION AGENDA

- ▶ 2022 Review
- ▶ Q1 2023 Results
- ▶ 2023 Outlook





# 2022 REVIEW

# 2022 HIGHLIGHTS & KEY ACHIEVEMENTS

- ▶ Generated \$1.6B of FFO and \$1.1B of FCF, a year-over-year increase of 78% and 99%, respectively
- ▶ Net debt decreased by \$300MM or 18% to \$1.3B, while net debt to FFO ratio more than halved to 0.8x<sup>(1)</sup>
- ▶ Annual production was consistent with 2021 levels
- ▶ Completed strategic acquisition of Leucrotta Exploration, marking Vermilion's entry into the prolific Montney play
- ▶ Returned \$118MM of capital to shareholders including \$46MM in declared dividends and \$72MM of share repurchases, representing 11% of FCF

		2022	2021	%Δ
North America	(boe/d)	57,571	56,858	1%
International	(boe/d)	27,616	28,548	(3%)
<b>Total<sup>(1)</sup></b>	<b>(boe/d)</b>	<b>85,187</b>	<b>85,408</b>	<b>0%</b>
FFO <sup>(2,3)</sup>	(\$MM)	1,635	920	78%
E&D Capex <sup>(2,3)</sup>	(\$MM)	552	375	47%
<b>FCF<sup>(2,3)</sup></b>	<b>(\$MM)</b>	<b>1,083</b>	<b>545</b>	<b>99%</b>
<b>Net Earnings</b>	<b>(\$MM)</b>	<b>1,313</b>	<b>1,149</b>	<b>14%</b>
FFO <sup>(2,3)</sup>	(\$/share) <sup>(5)</sup>	\$10.00	\$5.71	75%
FCF <sup>(2,3)</sup>	(\$/share) <sup>(5)</sup>	\$6.62	\$3.38	96%
Net Earnings	(\$/share) <sup>(5)</sup>	\$8.03	\$7.13	13%
Net Debt <sup>(2)</sup>	(\$B)	\$1.3	\$1.6	(18%)
Net Debt to FFO <sup>(2,4)</sup>	ratio	0.8x	1.8x	(56%)

(1) North America and International production may not total due to rounding. (2) For information relating to this measure incorporated by reference into this presentation, refer to the "Non-GAAP Financial Measures and Other Specified Financial Measures" section in Vermilion's MD&A for the three months and year ended December 31, 2022, available on SEDAR at [www.sedar.com](http://www.sedar.com). (3) Non-GAAP financial measure or ratio. (4) Net debt to four quarter trailing FFO. (5) Per basic share.





# Q1 2023 RESULTS

## Q1 2023 HIGHLIGHTS

- ▶ FFO was \$253MM and FCF was \$98MM
- ▶ Q1 production impacted by unplanned downtime in Australia, partially offset by new well production from our Alberta Deep Basin and Montney assets in Canada
- ▶ Closed the Corrib acquisition and divestment of select non-core assets in southeast Saskatchewan
- ▶ Repurchased 1.6 million common shares for \$30 million and declared cash dividends of \$16 million, for a total of \$46 million returned to shareholders in the quarter
- ▶ The base dividend was increased by 25% in Q1 2023 and has increased 67% since Q1 2022

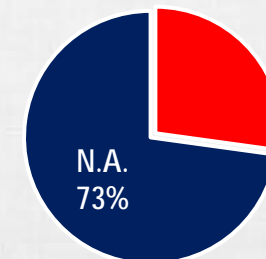
		Q1 2023	Q4 2022	%Δ
North America	(boe/d)	60,046	58,499	3%
International	(boe/d)	22,408	26,953	(17%)
<b>Total<sup>(1)</sup></b>	<b>(boe/d)</b>	<b>82,455</b>	<b>85,450</b>	<b>(4%)</b>
FFO <sup>(2,3)</sup>	(\$MM)	253	284	(11%)
E&D Capex <sup>(2,3)</sup>	(\$MM)	155	169	(9%)
<b>FCF<sup>(2,3)</sup></b>	<b>(\$MM)</b>	<b>98</b>	<b>115</b>	<b>(14%)</b>
FFO <sup>(2,3)</sup>	(\$/share) <sup>(5)</sup>	\$1.56	\$1.74	(10%)
FCF <sup>(2,3)</sup>	(\$/share) <sup>(5)</sup>	\$0.60	\$0.70	(14%)
Net Debt <sup>(2)</sup>	(\$B)	\$1.37	\$1.34	2%
Net Debt to FFO <sup>(2,4)</sup>	ratio	0.9x	0.8x	13%

(1) North America and International production may not total due to rounding. (2) For information relating to this measure incorporated by reference into this presentation, refer to the "Non-GAAP Financial Measures and Other Specified Financial Measures" section in Vermilion's MD&A for the three months ended March 31, 2023, available on SEDAR at [www.sedar.com](http://www.sedar.com). (3) Non-GAAP financial measure or ratio. (4) Net debt to four quarter trailing FFO. (5) Per basic share.

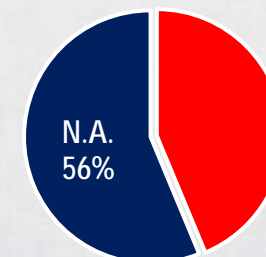
# NORTH AMERICA OPERATIONAL HIGHLIGHTS

- ▶ North American production averaged 60,046 boe/d in Q1 2023, an increase of 3% from the prior quarter primarily due to new production from our Alberta Deep Basin and Montney assets
- ▶ Drilling activity was concentrated in Canada where we drilled seven (3.1 net) Mannville liquids rich conventional natural gas wells, six (6.0 net) Montney wells and three (3.0 net) oil wells in southeast Saskatchewan
- ▶ Continue to make significant progress on our Montney development through further optimization of the drilling and completion process
- ▶ In the United States, we drilled five (2.1 net) oil wells, including participation in two non-operated Parkman wells and one non-operated Niobrara well

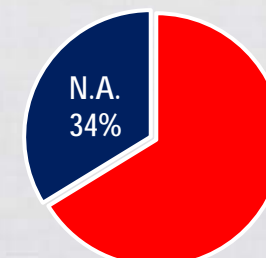
Q1 2023  
PRODUCTION



FFO<sup>(1)</sup>



FCF<sup>(1)</sup>

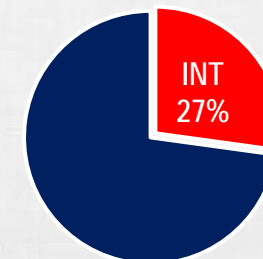




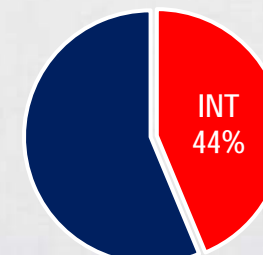
# INTERNATIONAL OPERATIONAL HIGHLIGHTS

- ▶ International production averaged 22,408 boe/d in Q1 2023, a decrease of 17% from the prior quarter, primarily due to unplanned downtime in Australia
  - Q1 2023 production excluded ~7,500 boe/d from the acquired 36.5% Corrib working interest
- ▶ In Germany, we drilled two (2.0 net) light and medium crude oil wells during the quarter and continued to advance our deep gas exploration and development plans in Germany as we prepare for our first well to be drilled in the fourth quarter of 2023
- ▶ In the Netherlands, we brought on production one (0.5 net) conventional natural gas well from our Q4 2022 drilling campaign and drilled the first (0.5 net) conventional natural gas well of our two (1.0 net) well 2023 program
- ▶ In Australia, maintenance work on the Wandoo platform progressed as planned
  - To date, performed over 95% of the inspections and completed repairs where necessary
  - Due to cyclone-related delays, production is expected to remain offline for most of Q2

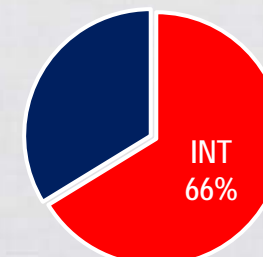
Q1 2023  
PRODUCTION



FFO<sup>(1)</sup>



FCF<sup>(1)</sup>







# OPERATIONAL EXCELLENCE

# GLOBAL OPERATIONAL EXPERTISE

15 OFFSHORE WELLS  
DRILLED IN AUSTRALIA

OVER 900 HORIZONTAL  
WELLS DRILLED IN  
NORTH AMERICA

ALBERTA MONTNEY, CANADA



ONSHORE AND  
OFFSHORE;  
CONVENTIONAL AND  
UNCONVENTIONAL  
EXPERTISE



HARLINGEN, NETHERLANDS

WANDOO, AUSTRALIA



NINE OPERATED  
GAS PLANTS  
COMPANY-WIDE

OVER 80 WELLS  
DRILLED IN EUROPE  
SINCE 2010



CHAMPOTRAN, FRANCE



CORRIB, IRELAND



# OPERATIONAL EXCELLENCE

## Continuous Improvement

- Benchmark performance to identify opportunities
- Apply best practices across global operations
- Engage external experts

## Technical Excellence

- Peer reviews focused on technical excellence
- Project lookbacks gather and share learning
- Staff training and development plans

## Leveraging Technology

- Apply technology to underexploited European basins
- IoT devices connect the business to the field
- Data analytics improves safety, cost and production



REAL-TIME DATA DRIVES  
IMPROVED RESULTS



MONITORING FIELD  
OPERATIONS



REMOTE WELLSITE  
CAMERA FEED

Sharing ideas  
and learnings  
across multi-  
jurisdictions  
drives  
continuous  
improvement

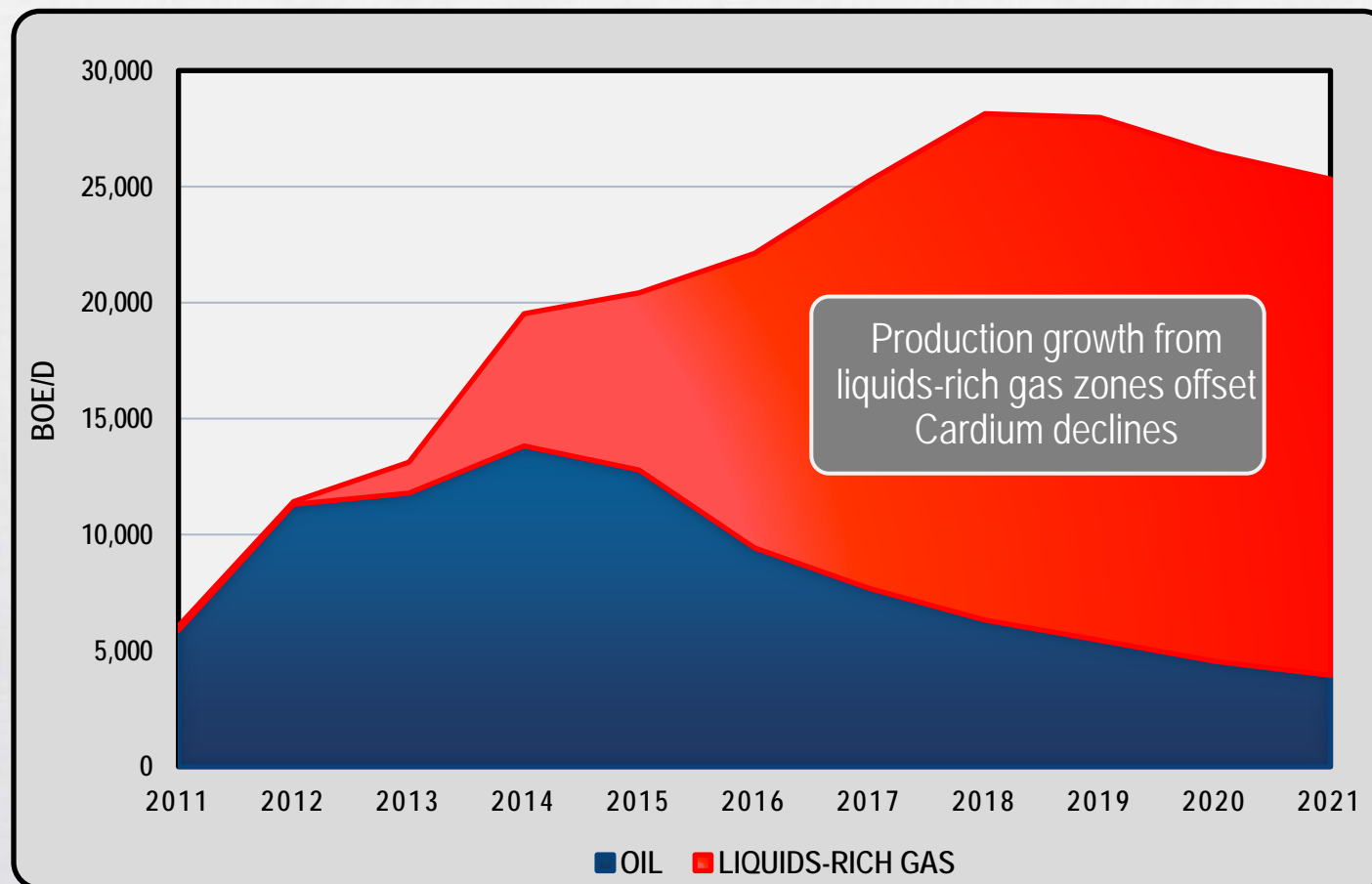
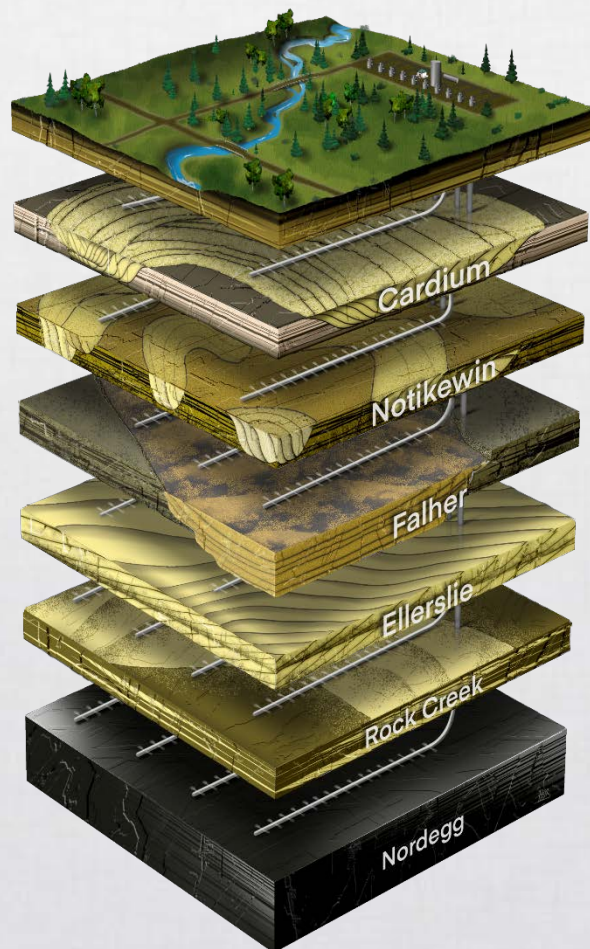


ASSET REVIEWS DRIVE  
TECHNICAL EXCELLENCE



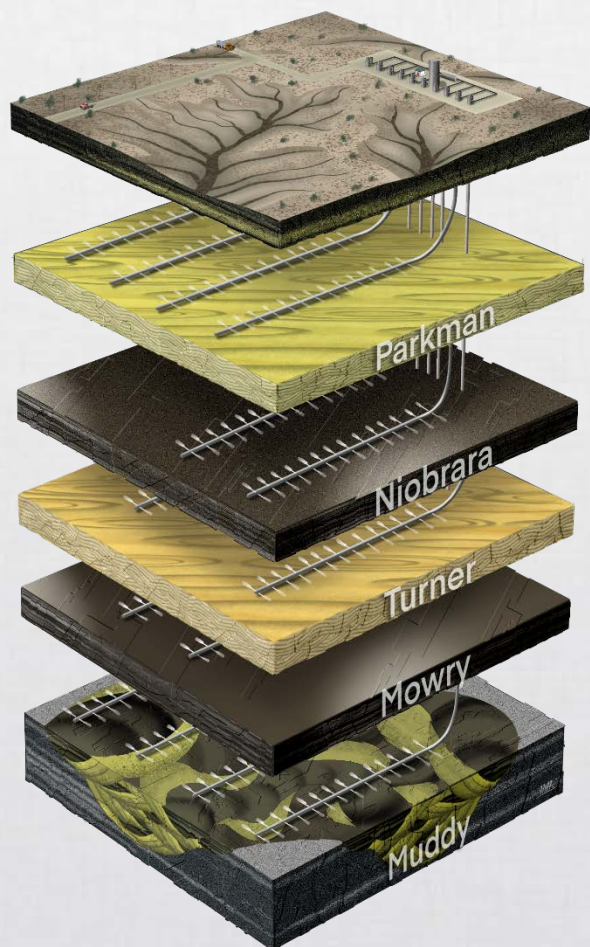
# MULTI-ZONE ASSET DEVELOPMENT

## WEST CENTRAL ALBERTA



# FUTURE MULTI-ZONE ASSET POTENTIAL

POWDER RIVER BASIN



Apply learnings to  
Powder River and  
Montney assets

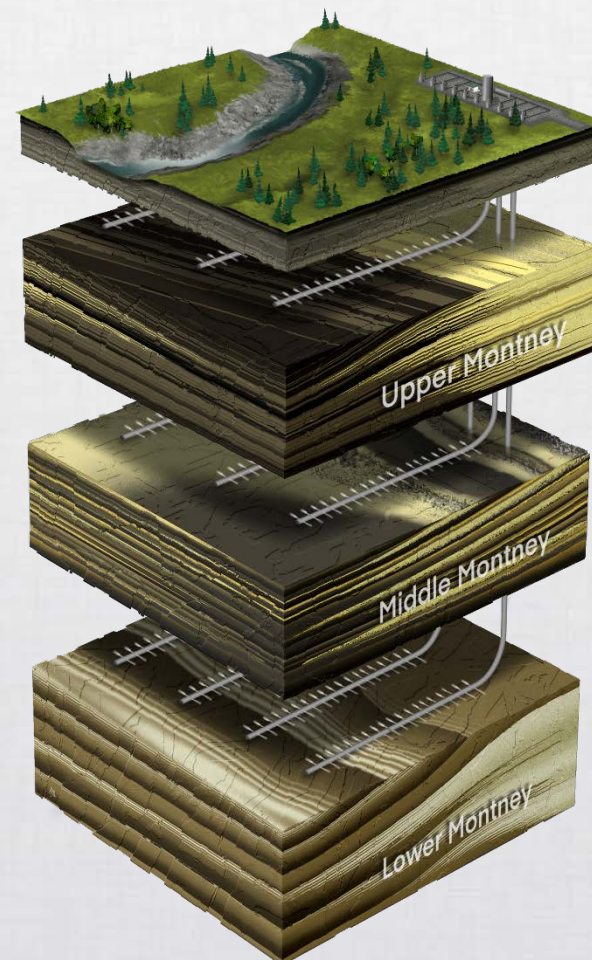


Develop and delineate  
highest return zones in the  
stack



Allocate capital to optimize  
asset free cashflow

MONTNEY PEACE RIVER ARCH





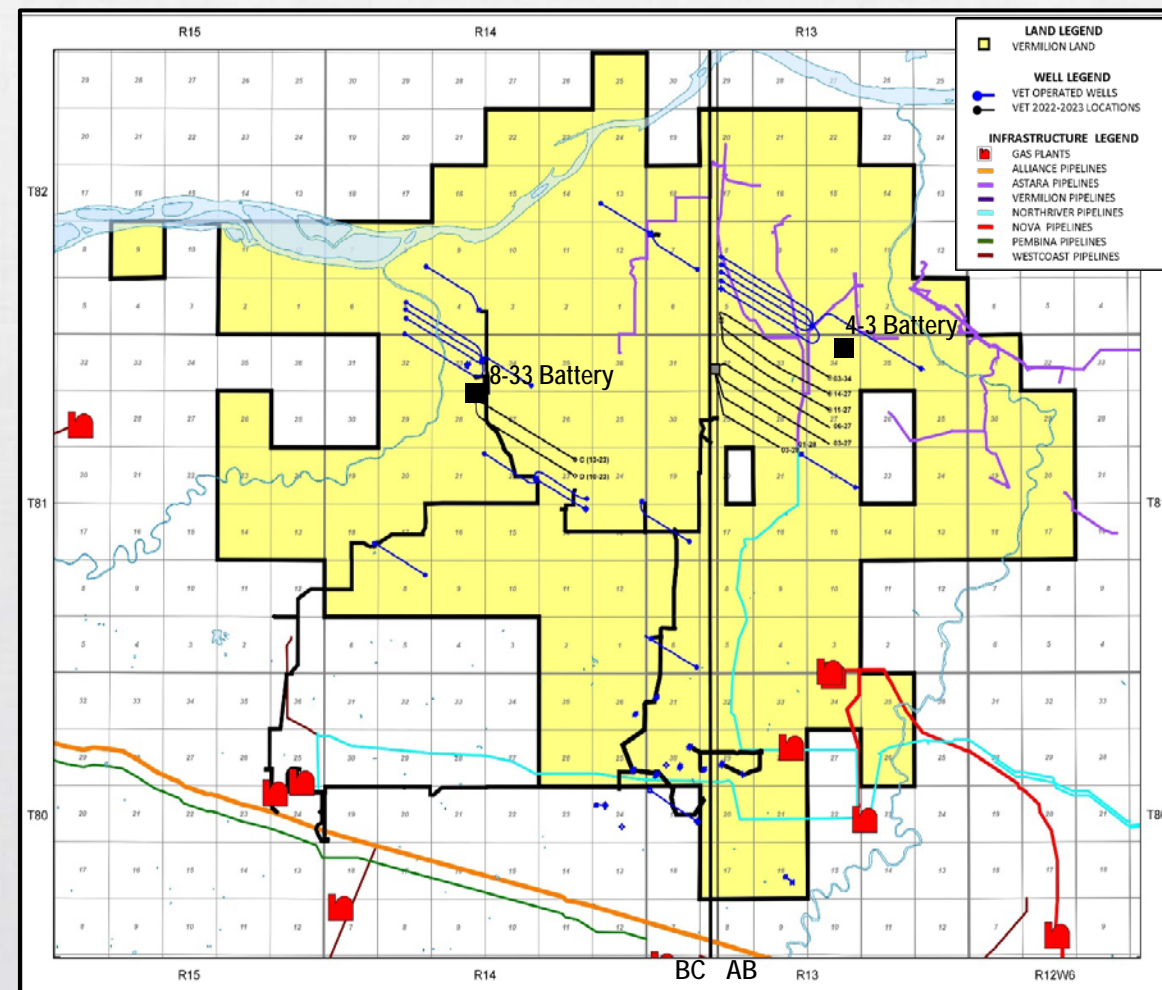


# MONTNEY UPDATE



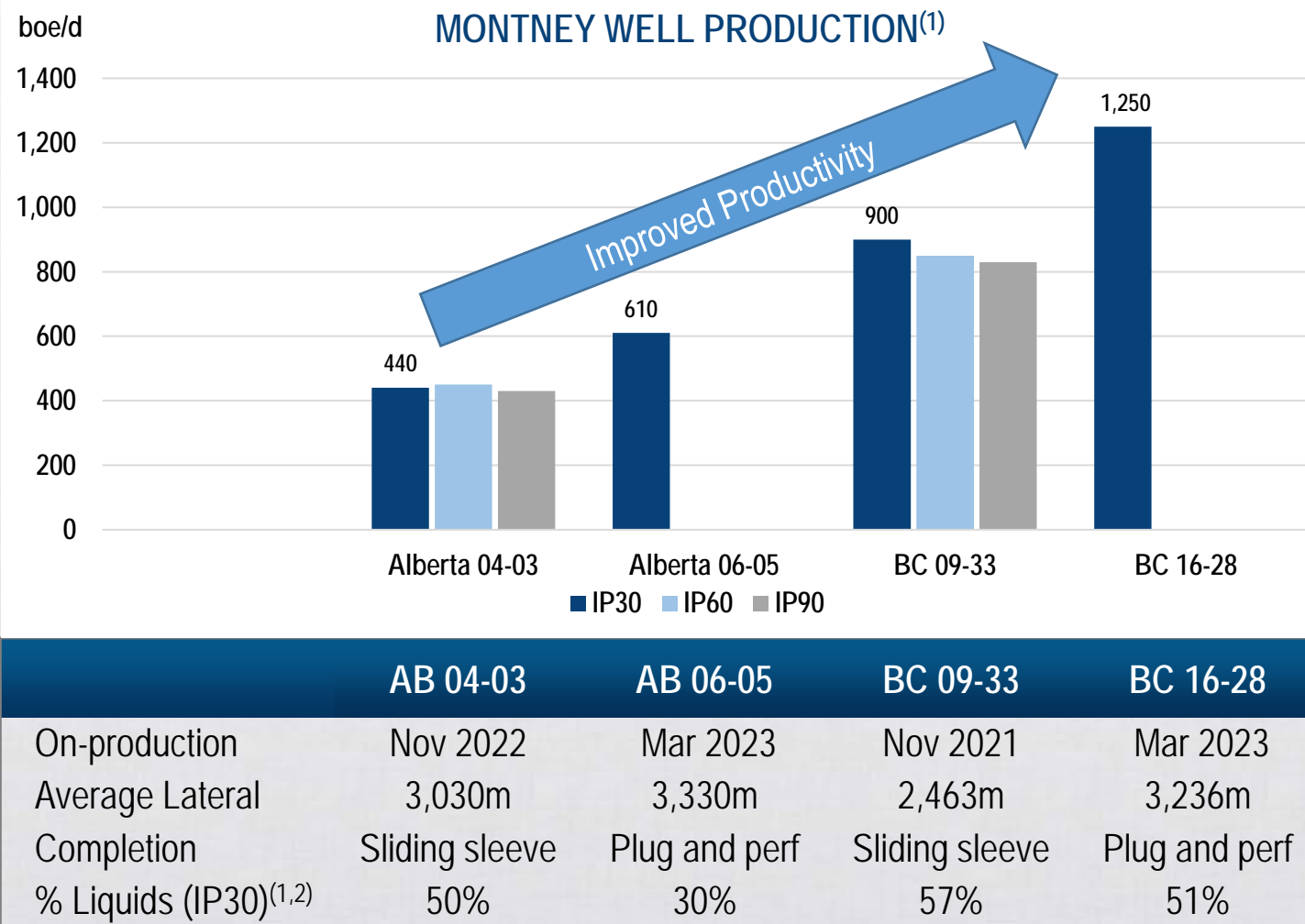
# MONTNEY INFRASTRUCTURE UPDATE

- ▶ Alberta infrastructure in place and pursuing an Alberta drill-to-fill strategy to optimize the development of the overall Montney asset
- ▶ Primary focus now is building out BC infrastructure, including construction of 16,000 boe/d battery at 8-33
  - Received approval for BC multi-well pad at 16-28
  - Detailed facility design is completed with long-lead equipment ordered, currently bidding for installation
  - Anticipate receiving last remaining construction permit in 2H23
- ▶ Long-term development plans target production base of 28,000 boe/d with majority of future development occurring in BC



# IMPROVED MONTNEY WELL PRODUCTIVITY

- ▶ Improved well productivity driven by longer laterals, optimized well placement and plug and perforations completions
  - AB 06-05 IP30<sup>(1)</sup> +40% vs. prior AB pad
  - BC 16-28 IP30<sup>(1)</sup> +40% vs. offset BC pad
- ▶ 16-28 pad well results validates Tier 1 BC inventory
- ▶ 2024 Montney development exclusively in BC, including six additional wells on 16-28 pad and six wells offsetting 16-28 pad



(1) Average daily production per well, excluding testing and clean-up periods, based on field level estimates. Initial production rates (IP30/IP60/IP90) presented above are for a limited timeframe only (30/60/90 days, respectively) and may not be indicative of future performance or the ultimate recovery for a given well or pad. Readers are cautioned not to place reliance on such rates.

(2) Approximate IP30 production by product type, based on field level data, as follows (light and medium crude oil/NGLs/shale gas): AB 04-03 46% / 4% / 50%, AB 06-05 25% / 5% / 70%, BC 09-33 56% / 1% / 43%, BC 16-28 49% / 2% / 49%.





# 2023 OUTLOOK

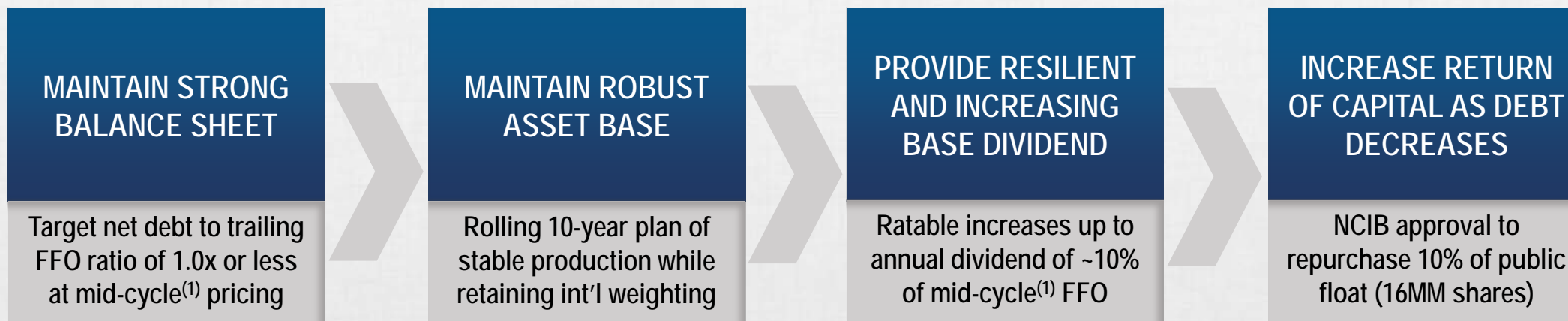


# 2023 BUDGET & GUIDANCE

Category	Guidance <sup>(1)</sup>
Production (boe/d)	82,000 - 86,000
E&D Capital Expenditures (\$MM)	\$570
Royalty rate, including windfall royalties (% of sales) <sup>(2)</sup>	12 - 14%
Operating (\$/boe)	\$16.50 - 17.50
Transportation (\$/boe)	\$2.75 - 3.25
General and administration (\$/boe)	\$2.00 - 2.50
Cash taxes (% of pre-tax FFO)	6 - 8%
Windfall tax, excluding windfall royalties (% of pre-tax FFO) <sup>(3)</sup>	9 - 11%

(1) 2023 guidance reflects foreign exchange assumptions of CAD/USD 1.35, CAD/EUR 1.49, and CAD/AUD 0.91. (2) Royalty rate guidance includes windfall royalties paid as part of the European Solidarity Contribution. For 2023 and 2024, Netherlands has implemented a windfall royalty. This royalty applies if annual realized pricing (net of hedges) exceeds €0.50/Nm3. This royalty is assessed annually at a rate of 65% on realized pricing (net of hedges) less €0.50/Nm3 and payments on this royalty are deductible in calculating current income taxes. (3) Windfall tax guidance is based on forward prices as at April 24, 2023, and incorporates windfall taxes as legislated or proposed in EU member states in which Vermilion does business. Windfall royalties in the Netherlands are excluded from windfall tax guidance, and have been included in royalty rate guidance, above.

# CAPITAL ALLOCATION PRIORITIES

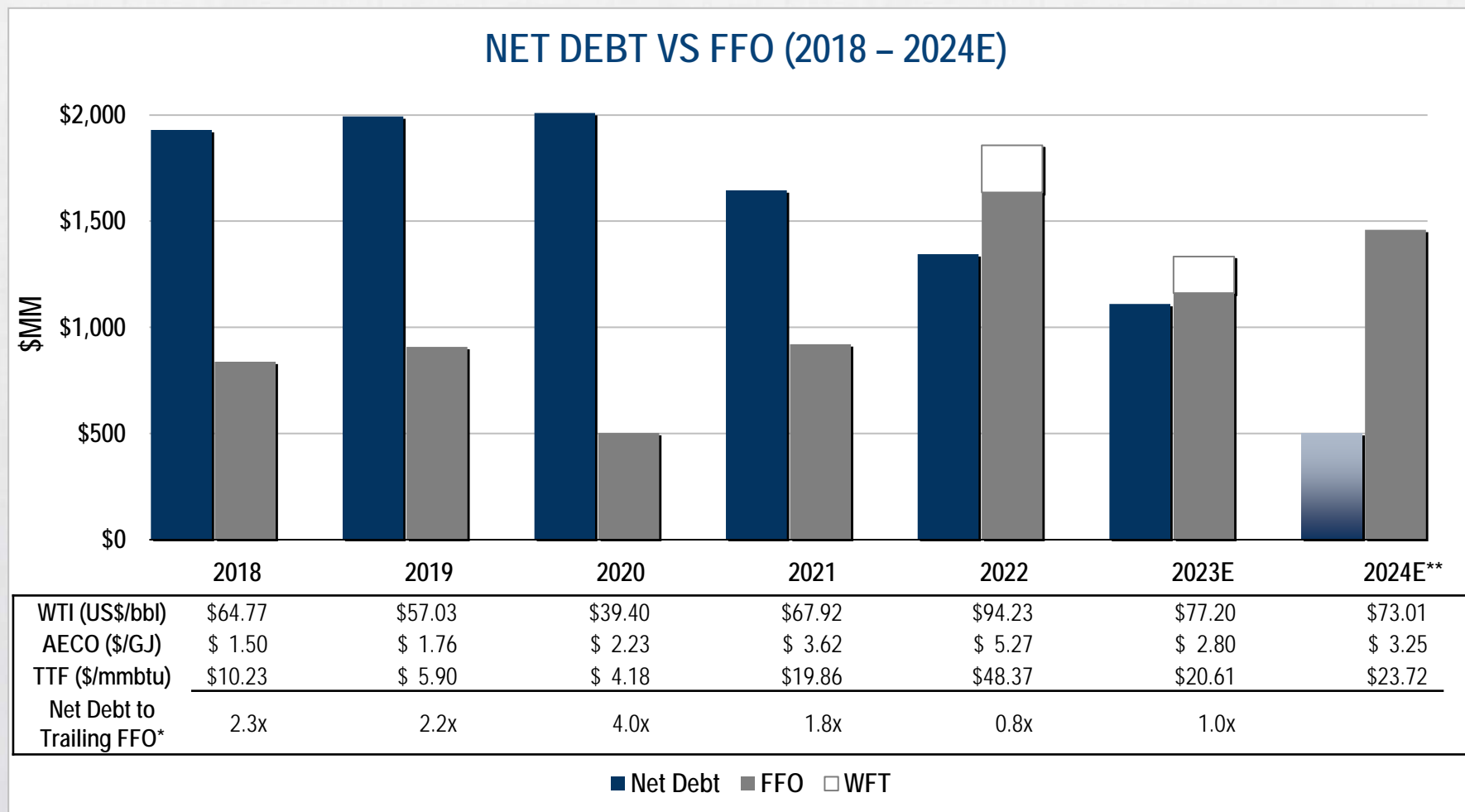


## 2023 Return of Capital Strategy

- ▶ 25% to 30% of FCF allocated to shareholder returns, primarily base dividend and share buybacks
- ▶ Majority of 2023 FCF will be allocated to debt reduction; targeting net debt of \$1 billion
- ▶ Quarterly base dividend increased 25% to \$0.10 per share commencing in Q1 2023
- ▶ Purchased 4.6 million shares under existing NCIB, plan to renew in July 2023
- ▶ Plan to further increase return of capital once we achieve net debt target of \$1 billion

(1) Mid-cycle commodity prices: WTI US\$55.00/bbl; AECO \$3.43/mmbtu (\$3.25/GJ); TTF \$12.50/mmbtu.

## NET DEBT VS. FFO



\* 2018-2022 reflects period-end net debt to four quarter trailing fund flows from operations, for further information refer to the "Non-GAAP Financial Measures and Other Specified Financial Measures" section in Vermilion's MD&A for the three months and year ended December 31, 2022, available on SEDAR at [www.sedar.com](http://www.sedar.com). Results for 2023E and 2024E based on company estimates, with Corrib acquisition closing on March 31, 2023, using April 24, 2023 strip pricing (above).

\*\* 2024E net debt is for illustrative purposes only and does not represent a formal target.



# VERMILION'S PURPOSE

*As an **international** company, we **responsibly produce** essential energy while delivering **long-term value** to our people, shareholders, customers, partners and communities.*



Q & A



This presentation is for information purposes only and is not intended to, and should not be construed to constitute, an offer to sell or the solicitation of an offer to buy, securities of Vermilion. This presentation and its contents should not be construed, under any circumstances, as investment, tax or legal advice. Any person viewing this presentation acknowledges the need to conduct their own thorough investigation into Vermilion and its activities before considering any investment in its securities.

Certain statements included or incorporated by reference in this presentation may constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable Canadian and United States securities laws (collectively, "forward-looking statements"). Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "focus", "may", "will", "project", "could", "plan", "intend", "should", "believe", "outlook", "potential", "target", "seek", "budget", "predict", "might" and similar words suggesting future events or future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements in this presentation may include, but are not limited to, matters relating to: business strategies, plans and objectives (including over the near, medium and longer-term); forecast (or estimated) fund flows from operations (FFO) and free cash flow (FCF), FCF yield, net debt, production, production mix and FFO contribution; commodity pricing and FFO sensitivity; dividends; share buybacks; European natural gas demand and supply, taxes and royalties; and hedging. In addition, statements relating to "reserves" or "resources" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated and can be profitably produced in the future.

Forward-looking statements are based on Vermilion's current expectations and assumptions and are subject to a number of risks and uncertainties that could materially affect future results. In addition to assumptions identified in this presentation, assumptions have also been made, among other things, regarding: availability of equipment, services and supplies; marketing of crude oil, natural gas liquids and natural gas; timely receipt of required regulatory approvals; foreign currency exchange rates and interest and inflation rates; taxes and royalties; and timing and results of development activities. Risks include, but are not limited to, general economic risks and uncertainties, future commodity prices, exchange rates, interest rates, geological risk, political risk, regulatory approval risk, production demand, transportation restrictions, risks associated with COVID-19, changes in tax, royalty and regulatory regimes and risks associated with international activities. Additional risks and uncertainties are described in Vermilion's Annual Information Form, as well as Vermilion's Management's Discussion and Analysis ("MD&A") which are filed on SEDAR at [www.sedar.com](http://www.sedar.com) and on the SEC's EDGAR system at [www.sec.gov](http://www.sec.gov). Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in the Company's securities should not place undue reliance on these forward-looking statements. Forward looking statements are made as of the date hereof and Vermilion undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, unless required by applicable securities laws.

All references are to Canadian dollars unless otherwise specified.

This presentation contains certain non-standardized financial measures identified in the presentation including net debt, free cash flow and fund flows from operations as well as non-GAAP measures including netbacks that are not determined in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These measures as presented do not have any standardized meaning prescribed by IFRS and therefore may not be comparable with calculations of similar measures by other companies. Reference is made to Vermilion's publicly filed documents, including our most recently filed MD&A, for a discussion of these measures, including a reconciliation of fund flows from operations to cash flow from operating activities and net debt to long-term debt. Management believes that, in conjunction with results presented in accordance with IFRS, these measures assist in providing a more complete understanding of certain aspects of Vermilion's results of operations and financial performance. Investors are cautioned, however, that these measures should not be construed as an alternative to measures determined in accordance with IFRS as an indication of our performance.

Certain natural gas volumes have been converted on the basis of six thousand cubic feet of gas to one barrel equivalent of oil. Barrels of oil equivalent (boe's) may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

### Reserves Definitions

All reserves estimates in this presentation are derived from an evaluation report (dated February 14, 2023 with an effective date of December 31, 2022 relating to our year-end reserves) prepared by GLJ Petroleum Consultants Ltd. ("GLJ"), an independent qualified reserves evaluator, in accordance with the Canadian Oil and Gas Evaluation Handbook (the "COGEH") and National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities. The following provides the definitions of the various reserves categories used in this presentation as set out in the COGEH. Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are classified according to the degree of certainty associated with the estimates as follows:

Proved Reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved ("1P") reserves.

Probable Reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable ("2P") reserves.

For more detail, including the forecast price and cost assumptions used by GLJ in preparing their evaluation report, please refer to Vermilion's Annual Information Form for the year ended December 31, 2022 available under the Company profile at [www.sedar.com](http://www.sedar.com).