

January 6, 2023

# VERMILION ENERGY

## 2023 BUDGET CONFERENCE CALL

INTERNATIONALLY DIVERSIFIED | FREE CASH FLOW FOCUSED | ESG LEADERSHIP

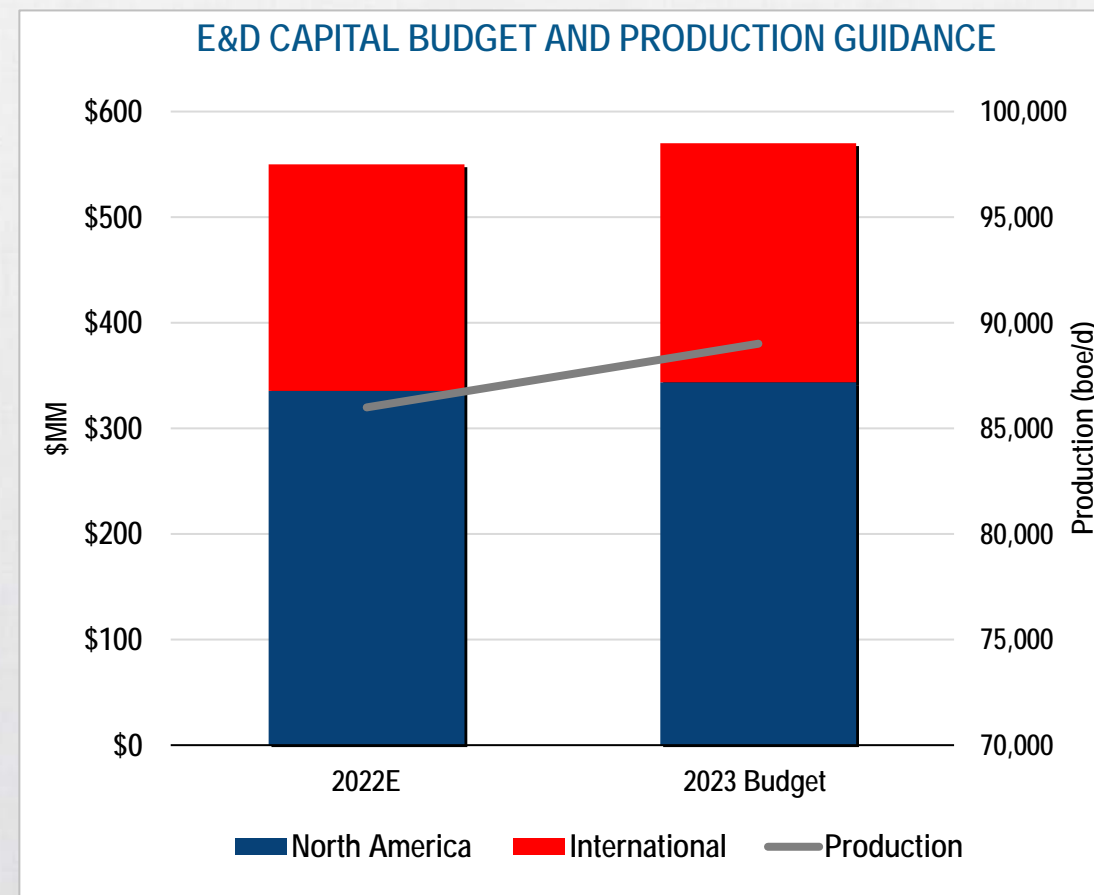


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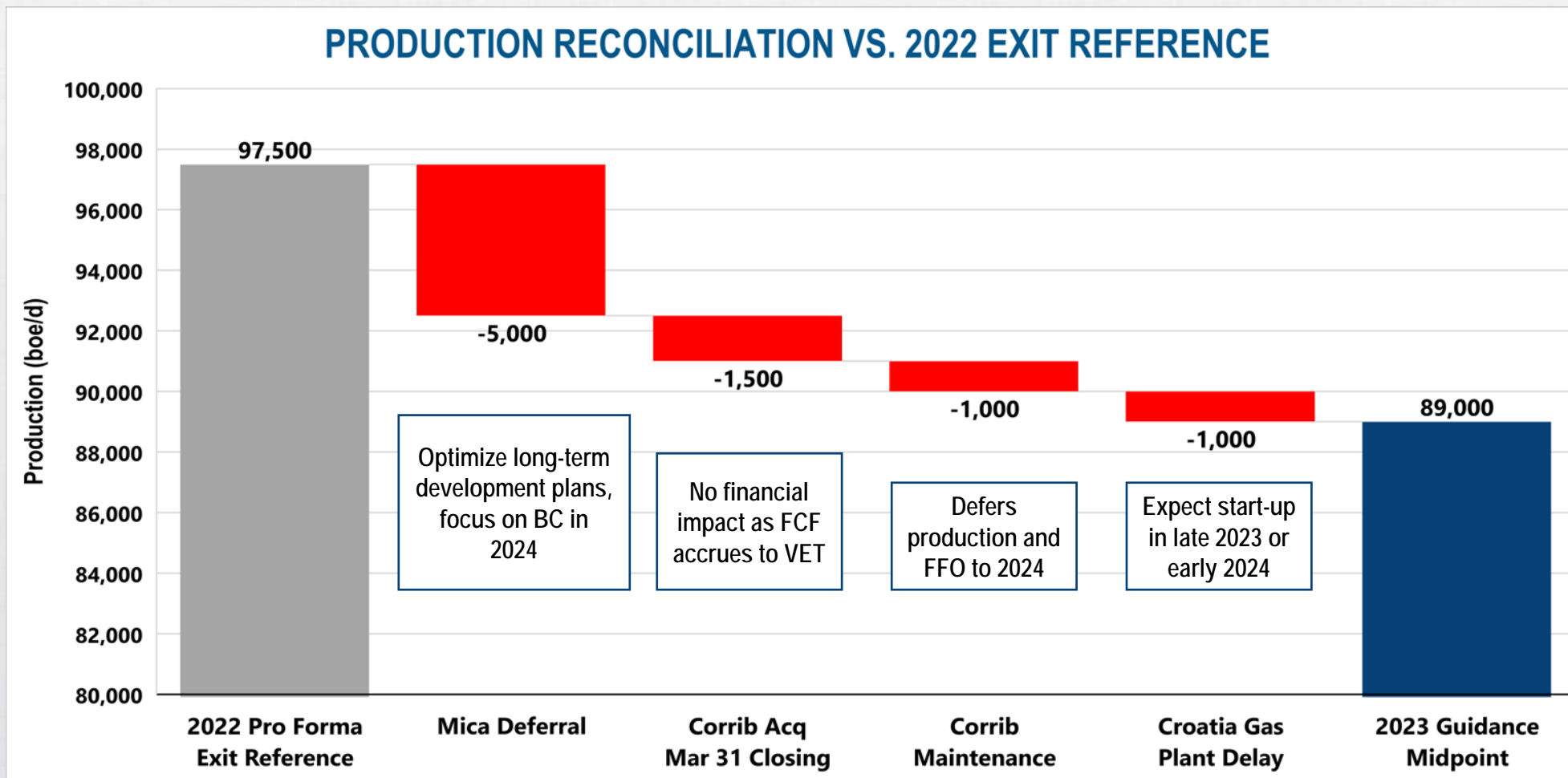
# 2023 BUDGET AND GUIDANCE

- ▶ E&D capital budget of \$570 million
  - North America - \$340 million (+1% vs. 2022)
  - International - \$230 million (+7% vs. 2022)
- ▶ Production guidance of 87,000 to 91,000 boe/d
  - Assumes Corrib acquisition closes on March 31, 2023
  - Obtained Irish government acquisition approval
- ▶ Forecast 2023 FCF of approximately \$0.8 billion\*
  - Majority of FCF will be allocated to debt reduction
  - Up to 25% of FCF will be allocated to return of capital



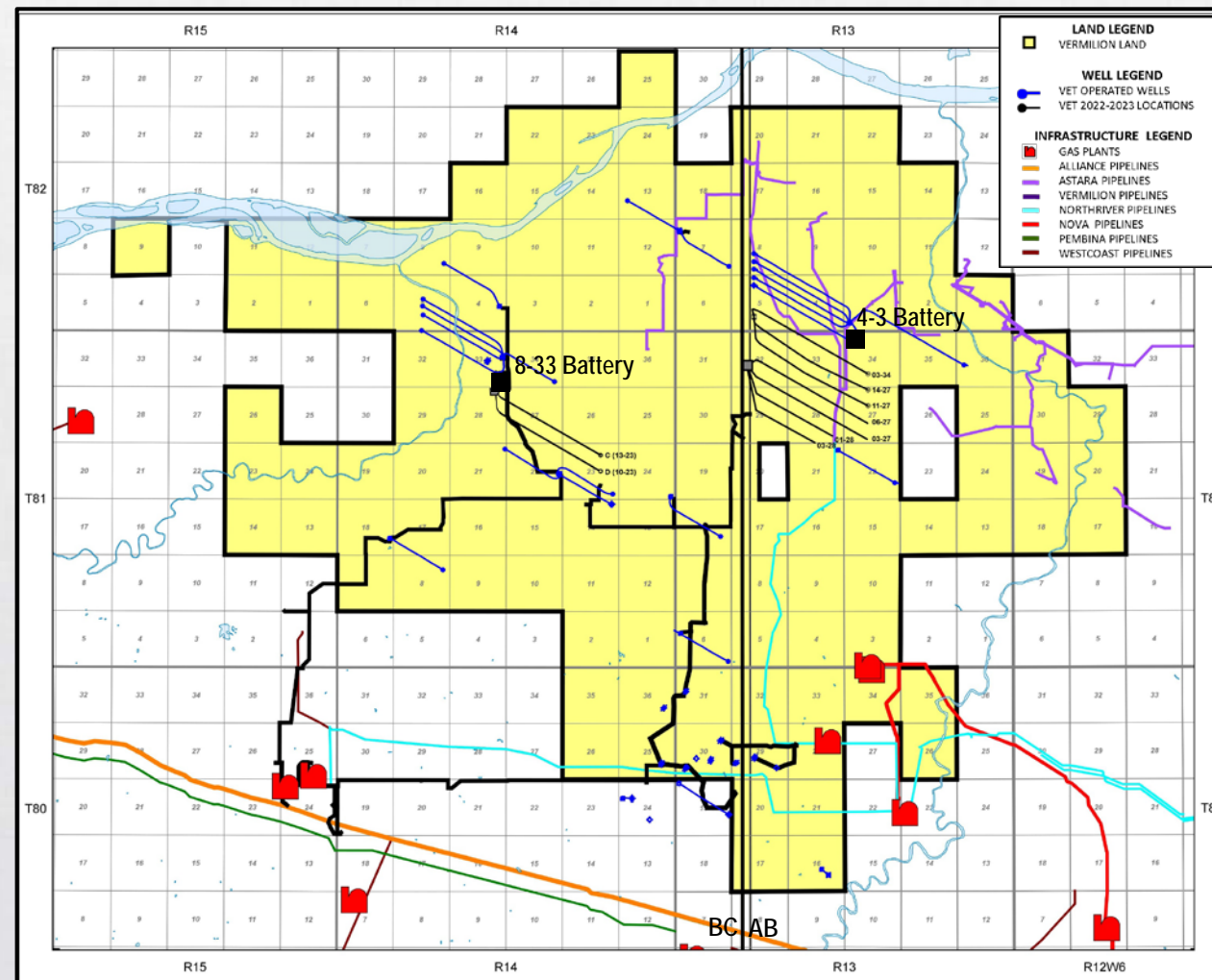
\* Based on company estimates, assumes Corrib acquisition closes on March 31, 2023 and commodity strip prices at December 30, 2022, including the impact of hedges. 2023 strip pricing as at December 30, 2022: Brent US\$82.98/bbl; WTI US\$79.20/bbl; LSB = WTI less US\$4.92/bbl; TTF \$35.14/mmbtu; NBP \$33.43/mmbtu; AECO \$3.73/GJ; CAD/USD 1.36; CAD/EUR 1.46 and CAD/AUD 0.92.

# PRODUCTION GUIDANCE RECONCILIATION



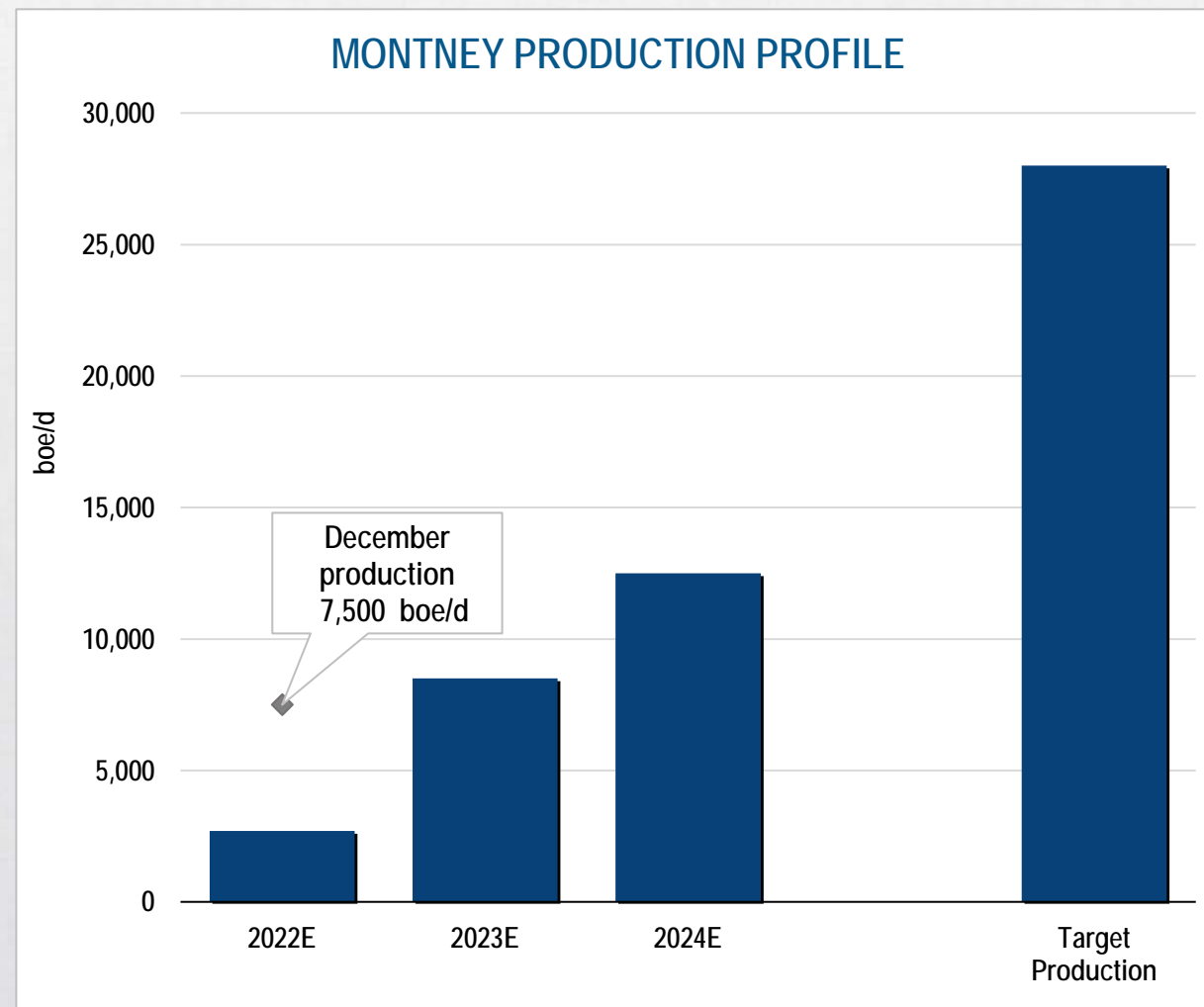
# MONTNEY ASSET OPTIMIZATION

- ▶ Received three permits on BC lands, including one of the permits to construct a 16,000 boe/d battery
- ▶ Will optimize capital allocation by deferring AB investment and focusing on BC to enhance return on capital
- ▶ Recently signed agreements to acquire 11 sections of adjacent land at Mica, further consolidating our contiguous land base
- ▶ Montney inventory estimated at approximately 300 multi-zone, extended reach, drilling locations

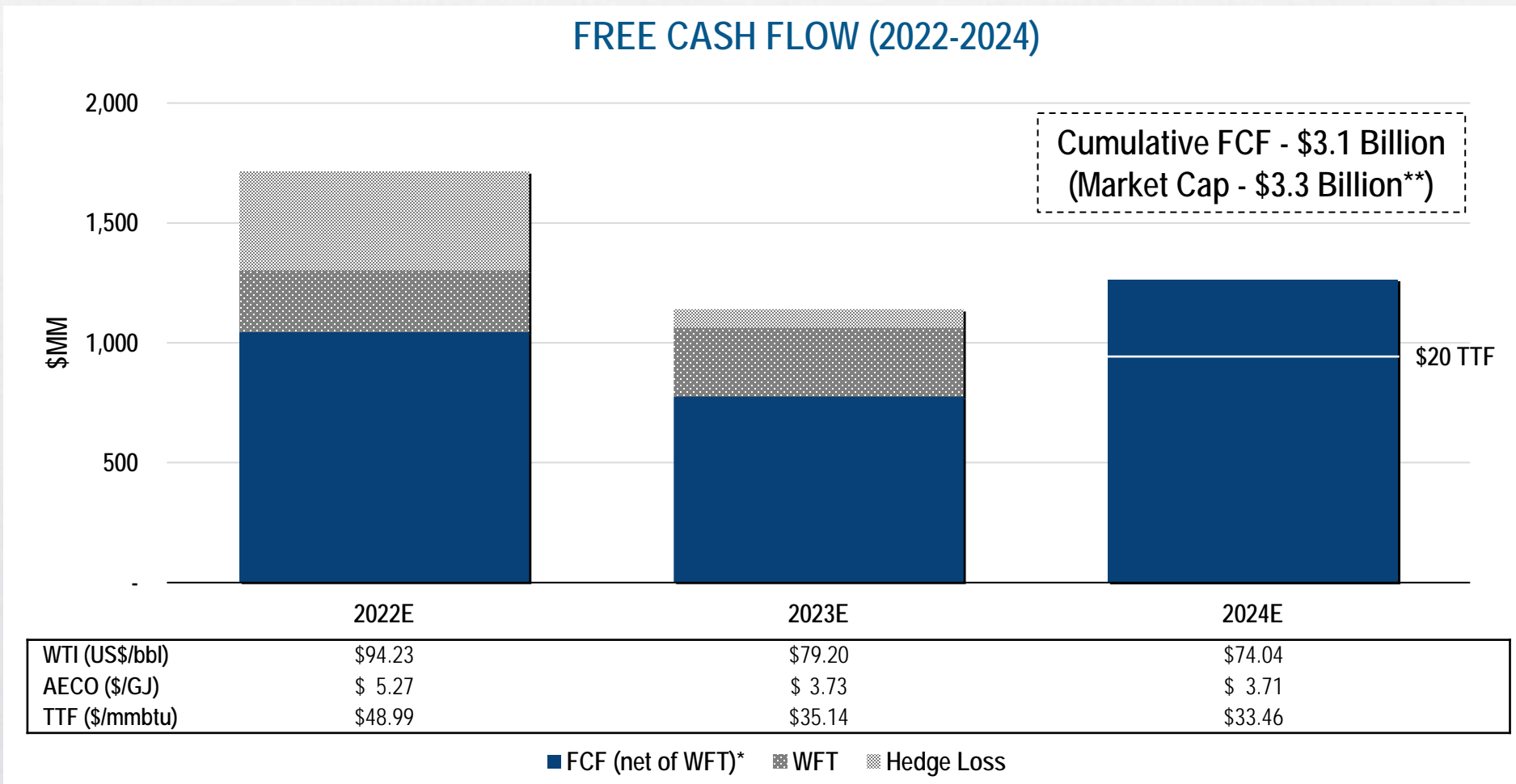


# MONTNEY PRODUCTION UPDATE

- ▶ First 6-well Montney pad in Alberta brought on production mid-to-late November
- ▶ Initial results validate long-term development plans of 28,000 boe/d target production for 20+ years
- ▶ Montney production averaged 7,500 boe/d during December
- ▶ 2023 Montney program includes drilling seven wells to manage production within existing infrastructure capacity (~8,000 boe/d)
- ▶ Expect to obtain remaining British Columbia permits and reach 12,000 - 13,000 boe/d in 2024



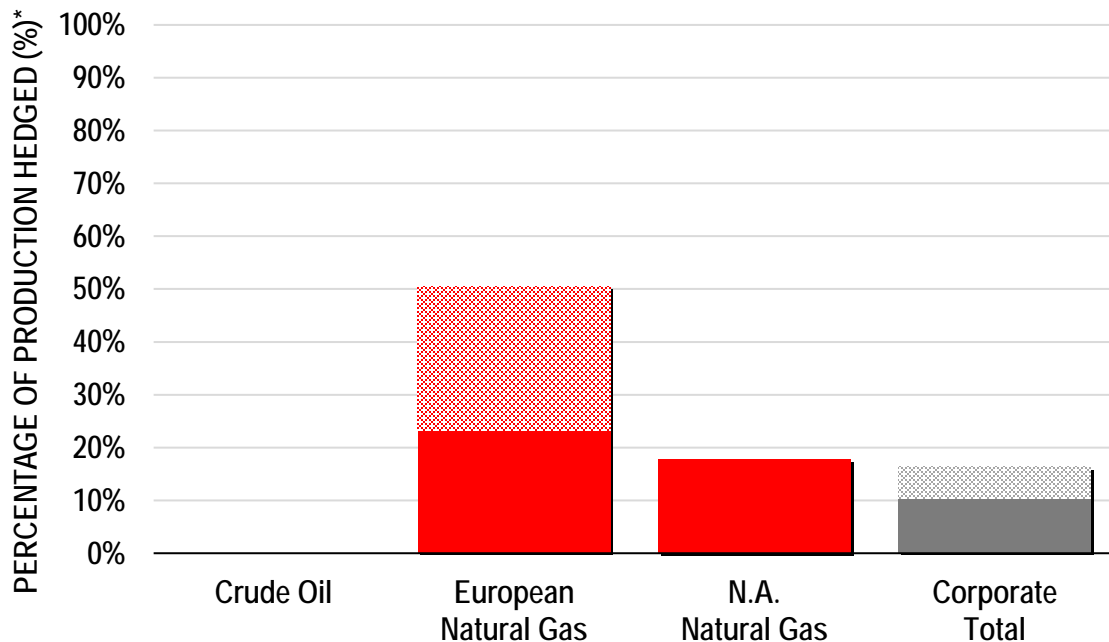
# FREE CASH FLOW



\* Based on company estimates, assumes Corrib acquisition closes on March 31, 2023, and pricing for major commodities as noted above. \*\* Market cap as of January 5, 2023.

# COMMODITY HEDGE POSITION

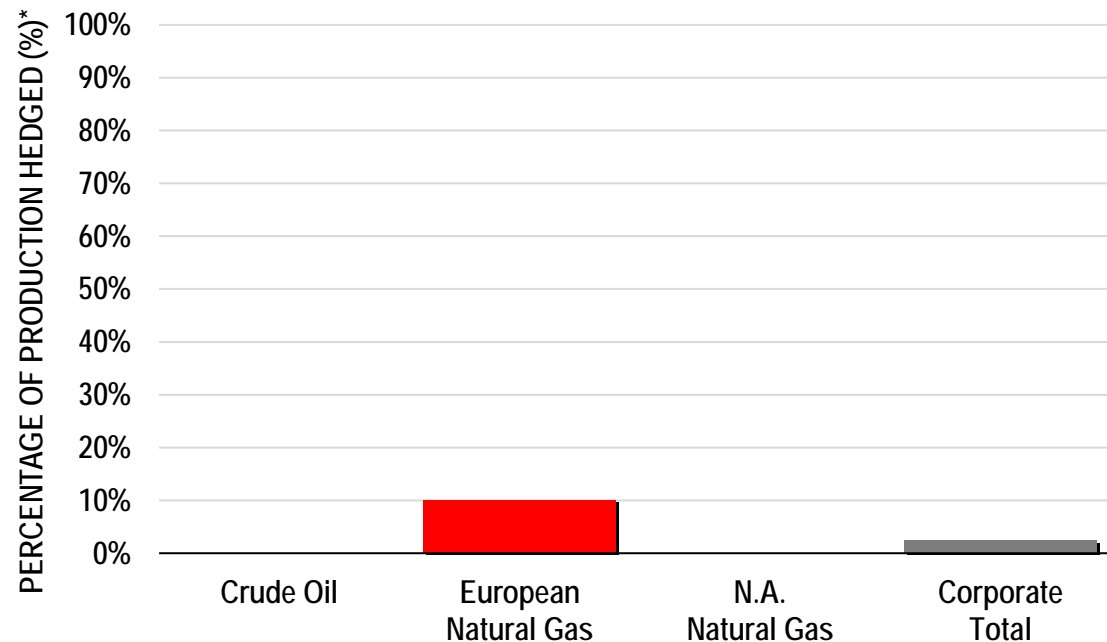
2023



	WTI (C\$/bbl)	Brent (C\$/bbl)	Euro Gas (C\$/mmbtu)**	N.A. Gas (C\$/mmbtu)
Avg. Sold Call	N/A	N/A	\$83.18	\$9.67
Avg. Bought Put	N/A	N/A	\$49.48	\$3.74
Avg. Swap	N/A	N/A	\$18.04	\$4.54

■ WTI ■ BRENT ■ NATURAL GAS ■ CORRIB ACQ.

2024

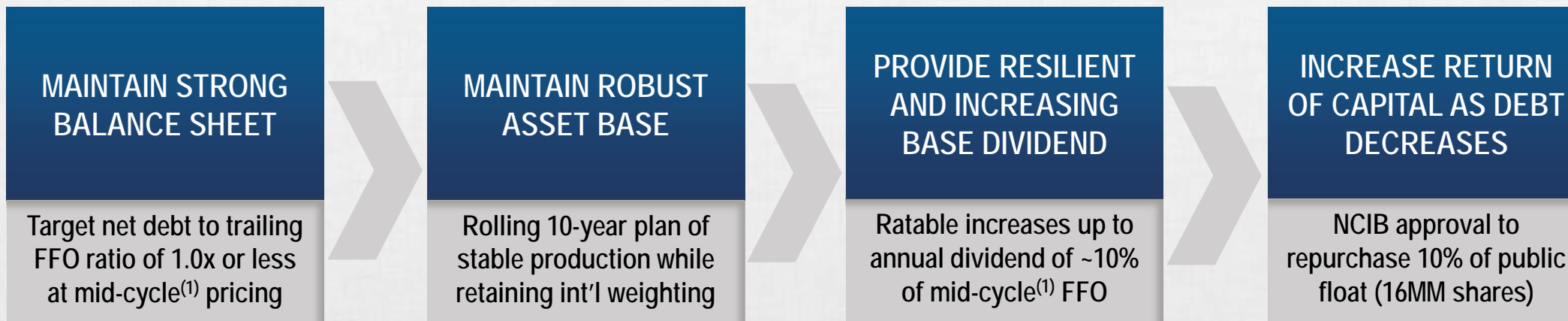


	WTI (C\$/bbl)	Brent (C\$/bbl)	Euro Gas (C\$/mmbtu)**	N.A. Gas (C\$/mmbtu)
Avg. Sold Call	N/A	N/A	\$114.15	N/A
Avg. Bought Put	N/A	N/A	\$58.74	N/A
Avg. Swap	N/A	N/A	\$98.33	N/A

■ WTI ■ BRENT ■ NATURAL GAS ■ CORRIB ACQ.

\* Company estimates as at January 3, 2023. Hedge percentages based on contract volumes as a percentage of net of royalty production and excludes Basis swaps on North American natural gas. \*\* European Natural Gas Hedge prices represent a pro forma blended average including the Corrib Acquisition hedges put in place by Equinor on our behalf, which run through 2023.

# CAPITAL ALLOCATION PRIORITIES



## 2023 Return of Capital Strategy

- ▶ Up to 25% 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 \$1.0B
- ▶ Quarterly base dividend increased 25% to \$0.10 per share commencing in Q1 2023
- ▶ Plan to resume share buyback program in early January
- ▶ As debt levels decrease, we plan to increase the allocation of capital returned to shareholders

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



# SUMMARY

- ▶ 2023 Capital Budget of \$570 million expected to deliver average production of 87,000 – 91,000 boe/d
- ▶ Obtained Irish government approval for the Corrib Acquisition and expect to close by March 31, 2023
- ▶ Forecast 2023 FCF of ~\$800 million at current strip prices net of temporary windfall taxes and hedging
- ▶ Expect to return up to 25% of FCF to shareholders in 2023, with the balance allocated to debt reduction
- ▶ Announced 25% increase to our Q1 2023 cash dividend to \$0.10 CDN per share and will reinstate share buybacks in early January
- ▶ Forecast even stronger FCF in 2024 and beyond; well positioned to support our return of capital strategy

# ADVISORY

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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 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 rates; 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 including net debt 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.