Risk Factors Comparison 2024-03-15 to 2023-04-06 Form: 10-K

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Our business faces many risks. You should carefully consider the following risk factors in addition to the other information included in this Annual Report. If any of these risks or uncertainties actually occurs, our business, financial condition and results of operations could be materially adversely affected. Any risks discussed elsewhere in this Annual Report and in our other SEC filings could also have a material impact on our business, financial position or results of operations. Additional risks not presently known to us or that we consider immaterial based on information currently available to us may also materially adversely affect us. ~~32Risks~~ -- **Risks** Relating to Our Business, Operations and Strategy Our business requires significant capital expenditures ~~,~~ and we may not be able to obtain needed capital or financing to fund our exploration and development activities or potential acquisitions on satisfactory terms or at all. Our exploration and development activities, as well as our active pursuit of complementary opportunistic acquisitions, are capital intensive. To replace and grow our reserves, we must make substantial capital expenditures for the acquisition, exploitation, development, exploration and production of crude oil, natural gas and NGLs reserves. Historically, we have financed these expenditures primarily with cash from operations, debt, asset sales and private sales of equity. We are the operator of the Etame Marin block offshore Gabon, and are responsible for contracting on behalf of all the remaining parties participating in the project and rely on our joint venture owners to pay for 36. 4 % of the offshore Gabon budget. With respect to Block P, the EG MMH approved our appointment as technical operator in August 2020 and, since we were appointed, we will rely on the timely payment of cash calls by our joint venture owners to pay for 46. 3 % ~~(including the 20 % carry of GEPetrol' s costs)~~ of the Equatorial Guinea budget **, except during any development phases where we have agreed or will agree to carry their interests** . The continued economic health of our joint venture owners could be adversely affected by low crude oil prices, thereby adversely affecting their ability to make timely payment of cash calls. If low crude oil, natural gas and NGLs prices, operating difficulties or declines in reserves result in our revenues being less than expected or limit our ability to enter into debt financing arrangements, or our joint venture owners fail to pay their share of project costs, we may be unable to obtain or expend the capital necessary to undertake or complete future drilling programs or to acquire additional reserves. We do not currently have any commitments for future external funding for capital expenditures or acquisitions beyond cash generated from operating activities and our $ 50 million Facility Agreement (the commitments under which ~~decreases~~ **decreased** to $ 43. ~~75~~ **8** million beginning October 1, 2023). Our ability to secure additional or replacement financing to finance expenditure beyond our current committed capital expenditure for the next 12 months may be limited. We cannot provide any assurances that such additional debt or equity financing or cash generated by operations will be available to meet our capital requirements and fund acquisitions. We may not be able to obtain debt or equity financing on terms favorable to us, or at all. Even if we succeed in selling additional equity securities to raise funds, at such time the ownership percentage of our existing stockholders would be diluted, and new investors may demand rights, preferences or privileges senior to those of existing stockholders. If we raise additional capital through debt financing, the financing may involve covenants that restrict our business activities or our ability to make future acquisitions. If cash generated by operations or cash available under any financing sources is not sufficient to meet our capital requirements beyond our current committed expenditure for the next 12 months, the failure to obtain additional financing could result in a curtailment of our operations relating to the development of our properties or prevent us from consummating acquisitions of additional reserves. Such a curtailment in operations or activities could lead to a decline in our estimated net proved reserves and would likely materially adversely affect our business, financial condition and results of operations. Unless we are able to replace the proved reserve quantities that we have produced through acquiring or developing additional reserves, our cash flows and production will decrease over time. Our future success depends upon our ability to find, develop or acquire additional crude oil, natural gas and NGLs reserves that are economically recoverable. In general, production from crude oil, natural gas and NGLs properties declines as reserves are depleted, with the rate of decline depending on reservoir characteristics. Our ability to make the necessary capital investment to maintain or expand our asset base of crude oil, natural gas and NGLs reserves would be limited to the extent cash flow from operations is reduced and external sources of capital become limited or unavailable. We may not be successful in exploring for, developing or acquiring additional reserves. Except to the extent that we conduct successful exploration or development activities or acquire properties containing proved reserves, our estimated net proved reserves will generally decline as reserves are produced. There can be no assurance that our development and exploration projects and acquisition activities will result in significant additional reserves or that we will have continuing success drilling productive wells at economic finding costs. The drilling of crude oil, natural gas and NGLs wells involves a high degree of risk, especially the risk of dry holes or of wells that are not sufficiently productive to provide an economic return on the capital expended to drill the wells. Additionally, seismic and other technology does not allow us to know conclusively prior to drilling a well that crude oil natural gas or NGLs is present or economically producible. Our drilling operations may be curtailed, delayed or cancelled as a result of numerous factors, including declines in crude oil, natural gas or NGLs prices and / or prolonged periods of historically low crude oil, natural gas and NGLs prices, weather conditions, political instability, availability of capital, economic / currency imbalances, compliance with governmental requirements, receipt of additional seismic data or the reprocessing of existing data, failure of wells drilled in similar formations, equipment failures (such as ESPs), delays in the delivery of equipment, and the availability of drilling rigs. If we are unable to increase our proved quantities, there will likely be a material impact on our cash flows, business and operations. ~~33We~~ **27We** may not enter into definitive agreements with the BWE Consortium to explore and exploit new properties, and we may not be in a position to control the timing of development efforts, the associated costs or the rate of production of the reserves operated by the BWE Consortium or from any non- operated properties in which we have an interest. On October 11, 2021 **,** we announced our entry into a consortium with the " BWE Consortium " and that the BWE Consortium had been provisionally awarded two blocks, G12- 13 and H12- 13, in the 12th Offshore Licensing Round in Gabon. **Negotiations to finalize the commercial terms were held in 2023, however they were halted late in the year due to the presidential elections.** The ~~award~~ **negotiations were kick started again at the request of the Gabonese Government in early February 2024, where the consortium and the government came to an agreement on the fiscal terms on February 9, 2024. The next step** is ~~subject to~~ concluding the terms of the production sharing contracts with the Gabonese government. BW Energy will be the operator with a 37. 5 % working interest and we and Panoro Energy will have a 37. 5 % working interest and 25 % working interest, respectively, as non- operating joint owners. The joint owners in the BWE Consortium intend to reprocess existing seismic and carry out a 3- D seismic campaign on these two blocks and have also committed to drilling exploration wells on both blocks. Our obligations within the BWE Consortium are subject to a number of conditions, including the negotiation and execution of production sharing contracts with the Gabonese government, as well the entry into joint operating agreements with our joint interest owners. There is no assurance that we will be able to agree to terms on definitive production sharing contracts with the Gabonese government nor joint operating agreements with the joint owners in the BWE Consortium. If we are unable to negotiate and enter into definitive agreements with each party, we may not be able to explore, develop and exploit new properties, and our results of operations could be materially adversely affected. We may have limited control over matters relating to development and exploitation activities, including the timing of and capital expenditures for such activities, in projects where we are not the operator, including properties operated by the BWE Consortium. The success and timing of development and exploitation activities on such properties, depends upon a number of factors, including: • the timing and amount of capital expenditures; • the availability of suitable offshore drilling rigs, drilling equipment, support vessels, production and transportation infrastructure and qualified operating personnel; • the operator' s expertise, financial resources and willingness to initiate exploration or development projects; • approval of other participants in drilling wells; • risk of other a non- operator' s failure to pay its share of costs, which may require us to pay our proportionate share of the defaulting party' s share of costs; • selection of technology; • delays in the pace of exploratory drilling or development; • the rate of production of the reserves; and / or • the operator' s desire to drill more wells or build more facilities on a project inconsistent with our capital budget, whether on a cash basis or through financing, which may limit our participation in those projects or limit the percentage of our revenues from those projects. The occurrence of any of the foregoing events could have a material adverse effect on our anticipated exploration and development activities. Our offshore operations involve special risks that could adversely affect our results of operations. Offshore operations are subject to a variety of operating risks specific to the marine environment. Our offshore production facilities are subject to hazards such as capsizing, sinking, grounding, collision and damage from severe weather conditions. The relatively deep offshore drilling that we conduct involves increased drilling risks of high pressures and mechanical difficulties, including stuck pipe, collapsed casing and separated cable. We have experienced pipeline blockages in the past and may experience additional pipeline blockages in the future. The impact that any of these risks may have upon us is increased due to the low number of producing properties we own. We could incur substantial expenses that could reduce or eliminate the funds available for exploration, development or license acquisitions, or result in loss of equipment and license interests. ~~34Exploration~~ -- **Exploration** and development operations offshore Africa often lack the physical and oilfield service infrastructure present in other regions. As a result, a significant amount of time may elapse between an offshore discovery and the marketing of the associated crude oil, natural gas and NGLs, increasing both the financial and operational risks involved with these operations. Offshore drilling operations generally require more time and more advanced drilling technologies, involving a higher risk of equipment failure and usually higher drilling costs. In addition, there may be production risks for which we are currently unaware. ~~For example, the production of hydrogen sulfide at certain of our Etame Marin block wells creates unexpected production losses and delays in our development plans; see " Item 1. Business – Segment and Geographic Information – Gabon Segment – Hydrogen Sulfide Impact. "~~ The development of new subsea infrastructure and use of floating production systems to transport crude oil from producing wells may require substantial time for installation or encounter mechanical difficulties and equipment failures that could result in loss of production, significant liabilities, cost overruns or delays. In addition, in the event of a well control incident, containment and, potentially, clean- up activities for offshore drilling are costly. The resulting regulatory costs or penalties, and the results of third- party lawsuits, as well as associated legal and support expenses, including costs to address negative publicity, could well exceed the actual costs of containment and clean- up. As a result, a well control incident could result in substantial liabilities for us and have a significant negative impact on our earnings, cash flows, liquidity, financial position and stock price. ~~Acquisitions~~ **28Acquisitions** and divestitures of properties and businesses may subject us to additional risks and uncertainties, including that acquired assets may not produce as projected, may subject us to additional liabilities and may not be successfully integrated with our business. In addition, any sales or divestments of properties we make may result in certain liabilities that we are required to retain under the terms of such sales or divestments. One of our growth strategies is to capitalize on opportunistic acquisitions of crude oil, natural gas and NGLs reserves and / or the companies that own them and other strategic transactions that fit within our overall business strategy. Any future acquisition will require an assessment of recoverable reserves, title, future crude oil, natural gas and NGLs prices, operating costs, potential environmental hazards, potential tax and employer liabilities, regulatory requirements and other liabilities and similar factors. Ordinarily, our review efforts are focused on the higher valued properties and are inherently incomplete because it generally is not feasible to review in depth every potential liability on each individual property involved in each acquisition. Even a detailed review of records and properties may not necessarily reveal existing or potential problems, nor will it permit a buyer to become sufficiently familiar with the properties to assess fully their deficiencies and potential. Inspections may not always be performed on every well, and potential problems, such as ground water contamination and other environmental conditions and deficiencies in the mechanical integrity of equipment are not necessarily observable even when an inspection is undertaken. Any unidentified problems could result in material liabilities and costs that negatively impact our financial condition. Additional potential risks related to acquisitions include, among other things: • incorrect assumptions regarding the reserves, future production and revenues, or future operating or development costs with respect to the acquired properties, as well as future prices of crude oil, natural gas and NGLs; • decreased liquidity as a result of using a significant portion of our cash from operations or borrowing capacity to finance acquisitions; • significant increases in our interest expense or financial leverage if we incur additional debt to finance acquisitions; • the assumption of unknown liabilities, losses or costs (including potential regulatory actions) that we are not indemnified for or that our indemnity, insurance or other protection is inadequate to protect against; • an increase in our costs or a decrease in our revenues associated with any claims or disputes with governments or other interest owners; • an incurrence of non- cash charges in connection with an acquisition and the potential future impairment of goodwill or intangible assets acquired in an acquisition; • the risk that crude oil, natural gas and NGLs reserves acquired may not be of the anticipated magnitude or may not be developed as anticipated; • difficulties in the assimilation of the assets and operations of the acquired business, especially if the assets acquired are in a new business segment or geographic area; • the diversion of management' s attention from other business concerns during the acquisition and throughout the integration process; • losses of key employees at the acquired businesses; • difficulties in operating a significantly larger combined organization and adding operations; ~~35~~ • delays in achieving the expected synergies from acquisitions; • the failure to realize expected profitability or growth; • the failure to realize expected synergies and cost savings; and • challenges in coordinating or consolidating corporate and administrative functions. If we consummate any future acquisitions, our capitalization and results of operations may change significantly, and you may not have the opportunity to evaluate the economic, financial and other relevant information that we will consider in evaluating future acquisitions. In addition, acquisitions of businesses often require the approval of certain government or regulatory agencies and such approval could contain terms, conditions, or restrictions that would be detrimental to our business after a merger. In the case of sales or divestitures of our properties and businesses, we may become exposed to future liabilities that arise under the terms of those sales or divestitures. Under such terms, sellers typically are required to retain certain liabilities for matters with respect to their sold properties or businesses. The magnitude of any such retained liability or indemnification obligation may be difficult to quantify at the time of the transaction and ultimately may be material. Also, as is typical in divestiture transactions, third parties may be unwilling to release us from guarantees or other credit support provided prior to the sale of the divested assets. As a result, after a sale, we may remain secondarily liable for the obligations guaranteed or supported to the extent that the buyer of the assets fails to perform these obligations. In addition, we may be required to recognize losses in accordance with exit or disposal activities **. The proposed acquisition of Svenska may not be consummated and if consummated, we may not realize the anticipated benefits expected from the acquisition. On February 29, 2024, Buyer and Seller, entered into the Share Purchase Agreement pursuant to which the Buyer will purchase all of the issued shares in the capital of Svenska for $ 66. 5 million in cash, subject to adjustment as described in the Share Purchase Agreement. Pursuant to the terms and subject to the conditions of the Share Purchase Agreement, upon Closing, Buyer will acquire Svenska and, as a result, Svenska' s primary asset: a 27. 39 % non- operated working interest in the deepwater producing Baobab field in Block CI- 40, offshore Cote d' Ivoire in West Africa. Buyer will also acquire a 21. 05 % non- operated working interest in OML 145, a non- producing discovery located offshore of Nigeria that is not expected to be developed at this time. The Purchase Price will be funded by a combination of a dividend of cash on Svenska' s balance sheet to the Seller immediately prior to the consummation of the Acquisition and a portion of VAALCO' s cash- on- hand. VAALCO estimates that cash due from VAALCO at Closing will be in the range of approximately $ 30 to $ 40 million. 29Closing is subject to obtaining necessarily regulatory approvals in Cote d' Ivoire and Sweden and the satisfaction of other customary closing conditions. If the closing conditions are not satisfied or waived within nine months of date of the Share Purchase Agreement, then either the Buyer or the Seller may, at its discretion, terminate the Share Purchase Agreement. No assurance can be given that the required approvals will be obtained or that the required conditions to closing will be satisfied or waived in a timely manner or at all, and accordingly consummation of the Acquisition may be delayed or not occur at all. If consummated, the success of the Acquisition will depend, in part, on our ability to realize the anticipated benefits from combining our business with Svenska' s business. The anticipated benefits and efficiencies of the Acquisition may not be realized fully or at all, may take longer to realize than expected, may not be realized or could have other adverse effects that we do not currently foresee. The failure to realize the anticipated benefits and synergies expected from the Acquisition could adversely affect our business, financial condition and operating results.** Our reserve information represents estimates that may turn out to be incorrect if the assumptions on which these estimates are based are inaccurate. Any material inaccuracies in these reserve estimates or underlying assumptions will materially affect the quantities and present values of our reserves. There are numerous uncertainties inherent in estimating quantities of proved crude oil, natural gas and NGLs reserves, including many factors beyond our control. Reserve engineering is a subjective process of estimating the underground accumulations of crude oil, natural gas and NGLs that cannot be measured in an exact manner. The estimates included in this document are based on various assumptions required by the SEC, including non- escalated prices and costs and capital expenditures subsequent to December 31, ~~2022~~ **2023** , and, therefore, are inherently imprecise indications of future net revenues. Estimates of economically recoverable crude oil, natural gas and NGLs reserves and the future net cash flows from them are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserves recovery, timing and amount of capital expenditures, marketability of crude oil, natural gas and NGLs, royalty rates, the assumed effects of regulation by governmental agencies, and future operating costs, all of which may vary materially from actual results. For those reasons, among others, estimates of the economically recoverable crude oil, natural gas and NGLs reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery, and estimates of future net revenues associated with reserves may vary and such variations may be material. Actual future production, revenues, taxes, operating expenses, development expenditures and quantities of recoverable crude oil, natural gas and NGLs reserves may vary substantially from those assumed in the estimates. Any significant variance in these assumptions could materially affect the estimated quantity and value of our reserves. In addition, our reserves may be subject to downward or upward revision based upon production history, results of future development, availability of funds to acquire additional reserves, prevailing crude oil, natural gas and NGLs prices and other factors. Moreover, the calculation of the estimated present value of the future net revenue using a 10 % discount rate as required by the SEC is not necessarily the most appropriate discount factor based on interest rates in effect from time to time and risks associated with our reserves or the crude oil, natural gas and NGLs industry in general. It is also possible that reserve engineers may make different estimates of reserves and future net revenues based on the same available data. Our reserve estimates are prepared using an average of the first day of the month prices received for crude oil, natural gas and NGLs for the preceding twelve months. Future reductions in prices, below the average calculated for ~~2022~~ **2023** , would result in the estimated quantities and present values of our reserves being reduced. The forecast prices and costs assumptions assume changes in wellhead selling prices and take into account inflation with respect to future operating and capital costs. Our proved reserves are in foreign countries and are or will be subject to service contracts, production sharing contracts and other arrangements. The quantity of crude oil, and natural gas and NGLs that we will ultimately receive under these arrangements will differ based on numerous factors, including the price of crude oil, and natural gas and NGLs, production rates, production costs, cost recovery provisions and local tax and royalty regimes. Changes in many of these factors could affect the estimates of proved reserves in foreign jurisdictions. ~~36If~~ **If** our assumptions underlying accruals for abandonment / decommissioning costs are too low, we could be required to expend greater amounts than expected. All of our existing properties in Gabon which have future abandonment obligations are located offshore. Our existing properties in Egypt and Canada are onshore. The costs to abandon offshore on onshore wells and the related infrastructure may be substantial. For financial accounting purposes, we record the fair value of a liability for an asset retirement obligation in the period that it is incurred and capitalize the related costs as part of the carrying amount of the long- lived assets. The estimated liability is reflected in the “ Asset retirement obligations ” and the “ Accrued liabilities and other ” line items of our consolidated balance sheet. As part of the Etame Marin block production license, we are subject to an agreed- upon cash funding arrangement for the eventual abandonment of all offshore wells, platforms and facilities on the Etame Marin block. Based upon the most recent abandonment study completed in November 2021, the abandonment cost estimate used for this purpose is approximately $ 81. 3 million ($ 47. 8 million net to our 58. 8 % working interest) on an undiscounted basis. On an annual basis over the remaining life of the production license, we must fund a portion of these estimated abandonment costs. ~~See “ Item 1. Business – Segment and Geographic Information – Gabon Segment – Abandonment Costs ” for further information.~~ Future changes to the anticipated abandonment cost estimates could change our asset retirement obligations and increase the amount of future abandonment funding payments we are obligated to make. In Egypt, under model concession agreements and the Egyptian Fuel Materials Law No. 66 / 1953 as amended and its Executive Regulations issued by Minister of Industry Decree No. 758 / 1972 as amended (the “ Fuel Materials Law ”), liabilities in respect of decommissioning movable and immovable assets (other than wells) passes to the Egyptian Government through the transfer of ownership from the contractor to the government under the cost recovery process. The model concession agreements do not deal with area handover and abandonment upon termination, expiration or withdrawal from a concession agreement and certain articles in the Fuel Materials Law may apply, albeit the matter in practice is within the discretion of the EGPC. While the current risk that we may become liable for decommissioning liabilities in Egypt is low, future changes to legislation or practice of the EGPC could result in decommissioning, abandonment and / or handover liabilities in Egypt. Any increase in Egyptian decommissioning liabilities could adversely affect our financial condition. ~~In~~ **30In** relation to petroleum wells, the contractor is responsible for decommissioning non- producing wells under a decommissioning plan approved by EGPC. If EGPC agrees that a producing well is not economic, then the contractor will be responsible for decommissioning the well under an EGPC- approved decommissioning plan. EGPC, at its own discretion, may not require a well to be decommissioned if it wants to preserve the ability to use the well for other purposes. As EGPC has discretion on decommissioning wells, there is a risk that we could incur well decommissioning costs. In accordance with the respective concession agreements, expenses approved by EGPC are recoverable through the cost recovery mechanism. In Canada, liabilities in respect of the decommissioning of our wells, fields and related infrastructure are derived from legislative and regulatory requirements concerning the decommissioning of wells and production facilities and require us to make provisions for and / or underwrite the liabilities relating to such decommissioning. It is difficult to accurately forecast the costs that we would incur in satisfying any decommissioning obligations. When such decommissioning liabilities crystallize, we will be liable either on our own or jointly and severally liable with any other former or current partners in the field. In the event that we are jointly and severally liable with other partners and such partners default on their obligations, we would remain liable, and our decommissioning liabilities could be magnified significantly through such default. Any significant increase in the actual or estimated decommissioning costs that we incur may adversely affect our financial condition. Under the Alberta LMF, the AER began to set annual mandatory closure spend targets for all licensees with inactive inventory in 2022. Under the AER' s Closure Nomination Program, introduced in February 2023 through an update to AER Directive 088: Licensee Life- Cycle Management, eligible landowners or land rights holders can nominate oil and gas wells and facilities that have been inactive or abandoned for longer than five years, for closure, at the expense of the licensee. Liability management in the Alberta oil and gas sector will continue to evolve as the AER continues its phased implementation of the new LMF. If we are required to expend greater amounts than expected on abandoning or decommissioning costs, this could materially affect our revenues and financial performance. ~~37We~~ **We** may not generate sufficient cash to satisfy our payment obligations under the Merged Concession Agreement or be able to collect some or all of our receivables from the EGPC, which could negatively affect our operating results and financial condition. On January 19, 2022, subsidiaries of TransGlobe executed the Merged Concession Agreement with the EGPC, which is effective upon the Merged Concession Effective Date. **Under** ~~As part of the conditions precedent to~~

~~the signing of~~ the Merged Concession Agreement ~~by the Minister of Petroleum & Mineral Resources on behalf of the Egyptian Government~~ , **VAALCO is obligated to** ~~TransGlobe remitted the initial modernization payment of $ 15 million and signature bonus of $ 1 million. In accordance with the Merged Concession Agreement, TransGlobe made~~ **make** ~~a modernization payment to the EGPC in the amount of $ 10 million on February 1, 2022. In accordance with the Merged Concession Agreement, we agreed to substitute the 2023 payment and issue a $ 10. 0 million credit against receivables owed from EGPC. The~~ modernization payments **that** ~~under the Merged Concession Agreement~~ total $ 65 million and are payable over six years from the Merged Concession Effective Date **of which $ 45. 0 million have been paid** . Under the Merged Concession Agreement, TransGlobe will be required to pay an additional $ 10 million on February 1st for each of the next ~~three~~ **two** years **. In accordance with the Merged Concession Agreement, we agreed to substitute the 2023 and 2024 payments and issue two $ 10. 0 million credits against receivables owed from EGPC** . In addition, ~~TransGlobe~~ **VAALCO** has **also** committed to spending a minimum of $ 50 million over each five- year period for the 15 years of the primary term (total $ 150 million). Our ability to make scheduled payments arising from the Merged Concession Agreement will depend on our financial condition and operating performance, which would be subject to then prevailing economic, industry and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flow sufficient to permit us to satisfy the payment obligations under the Merged Concession Agreement. If we are unable to satisfy our obligations, it is possible that the EGPC could seek to terminate the Merged Concession Agreement, which would negatively affect our operating results and financial condition. In addition, as of the Merged Concession Effective Date, there was an adjustment of funds owed to us for the difference between historic and Merged Concession Agreement commercial terms applied against Eastern Desert production from the Merged Concession Effective Date. The cumulative amount of the effective date adjustment was estimated at $ 67. 5 million. However, the cumulative amount of the effective date adjustment is currently being finalized with EGPC and could result in a range of outcomes based on the final price per barrel negotiated. At December 31, ~~2022~~ **2023** , ~~we received $ 17. 2 million of the receivable and~~ the remaining $ 50. 3 million is recorded on our consolidated balance sheet in Receivables- Other, net. If the EGPC' s financial position becomes impaired or it disputes or if the EGPC refuses to pay some or all of the said amount, our ability to fully collect such receivable from the EGPC could be impaired, which could negatively affect our operating results and financial condition. The Egyptian PSCs contain assignment provisions which, if triggered, could adversely affect our business. On October 13, 2022, VAALCO completed its business combination transaction with TransGlobe whereby TransGlobe became an indirect wholly- owned subsidiary of VAALCO. Legacy subsidiaries of TransGlobe are party to the Egyptian PSCs, which contain restrictive wording relating to assignments of rights under such agreements which, if triggered, require consent of the Egyptian Government in connection with any such assignment (the " Assignment Provisions "). If triggered, the Assignment Provisions also provide that (i) in certain circumstances, the EGPC has the right to acquire the interest intended to be assigned; and (ii) an assignment fee is payable to the EGPC in an amount equal to 10 % of the value of each assignment. We do not believe the Arrangement triggered the Assignment Provisions. ~~We have engaged and are continuing to engage, in discussions with the office of the Minister of Petroleum and Mineral Resources and the~~ EGPC **has not concurred** ~~, for the purpose of clarifying~~ that ~~the Arrangement did not -~~ **no** ~~trigger the Assignment Provisions. If the Arrangement is deemed to have triggered the Assignment Provisions and an~~ assignment fee is payable **. We are continuing to engage in discussions with the office of the Minister of Petroleum and Mineral Resources and the EGPC for the purpose of resolving the matter. Resolution of this matter could result in a range of outcomes and no assurance can be given that such outcomes will not involve an offset of amounts owed by EGPC to VAALCO. If the Arrangement is deemed to have triggered the Assignment Provisions or VAALCO agrees to make payment to EGPC as part of a resolution** , such payment could have an adverse effect on the value of our assets and could adversely affect our results of operations or financial condition. ~~Further, although we are not aware of any reported cases of a concession being terminated on such grounds, it is possible that the Egyptian Government could seek to terminate the Egyptian PSCs for breach of the Assignment Provisions.~~ We could lose our interest in Block P in Equatorial Guinea if we do not meet our commitments under the production sharing contract. Our Block P production sharing contract provides for a development and production period of 25 years from the date of approval of a development and production plan. We and our Block P joint venture owners are evaluating the timing and budgeting for development and exploration activities in the block. We have completed a feasibility study of a standalone production development opportunity of the Venus discovery on Block P and on July 15, 2022 submitted to the EG MMH a plan of development for Block P which on September 16, 2022 was approved by the government of Equatorial Guinea **. Due to delays by the partners in agreeing on certain terms relating to joint operations, the EG MMH delayed commencement of the Plan of Development** , but **on August 24, 2023, the EG MMH directed that activities relating to the Plan of Development resume.** ~~there~~ **There** can be no certainty any such transaction will be completed or that we will be able to commence drilling operations in Block P. If the joint venture owners of Block P fail to meet the commitments under the production sharing contract amendment, our capitalized costs of $ 10 million associated with Block P interest would be impaired. ~~38Commodity~~ **31Commodity** derivative transactions that we enter into may fail to protect us from declines in commodity prices and could result in financial losses or reduce our income. In order to reduce the impact of commodity price uncertainty and increase cash flow predictability relating to the marketing of our crude oil, natural gas and NGLs we have entered into and may continue to enter into derivative arrangements with respect to a portion of our expected production. Our derivative contracts typically consist of a series of commodity swap contracts, such as puts, collars and fixed price swaps, and are limited in duration. The following ~~are~~ **table shows** the hedges outstanding at December 31, ~~2022~~ **2023** : Settlement Period Type of Contract Index Average Monthly Volumes Weighted Average Put Price Weighted Average Call Price (Bbls) (per Bbl) (per Bbl) January ~~2023~~ **2024** ~~to~~ **-** March ~~2023~~ **2024** Collars Dated Brent ~~101~~ **85** , 000 $ 65. 00 $ ~~120~~ **97. 00 April 2024- June 2024 Collars Dated Brent 65, 000 $ 65. 00 $ 100** . 00 The following **table shows the** additional hedges ~~were~~ entered into in ~~2023~~ **2024** : Settlement Period Type of Contract Index Average Monthly Volumes Weighted Average Put Price

Weighted Average Call Price (Bbls) (per Bbl) (per Bbl) ~~April~~ **July** ~~2023~~ **2024** ~~to June~~ **- September** ~~2023~~ **2024** Collars Dated Brent ~~95~~ **80** , ~~500~~ **000** $ 65. 00 $ **92** ~~100. 00 July 2023 to September 2023 Collars Dated Brent 95, 500 $ 65. 00 $ 96~~ . 00 The hedge counterparty will be obligated to make payments to us to the extent that the floating (market) price is below an agreed fixed (strike) price. However, hedging agreements expose us to risk of financial loss if the counterparty to a hedging contract defaults on our contract obligations. Disruptions in the market could also lead to sudden changes in the liquidity of the counterparties to our hedge transactions which in turn limit our ability to perform under their hedging contracts with us. Even if we accurately predict sudden changes, our ability to negate the risk may be limited depending upon market conditions. If the creditworthiness of our counterparties deteriorates and results in their non- performance, we could incur a significant loss. Derivative arrangements also expose us to the risk of financial loss in some circumstances, including when production is less than the volume covered by the derivative instruments or when there is an increase in the differential between the underlying price and actual prices received in the derivative instrument. In addition, certain types of derivative arrangements may limit the benefit that we could receive from increases in the prices for crude oil. natural gas and NGLs, and may expose us to cash margin requirements. We are exposed to the credit risks of the third parties with whom we contract. We may be exposed to third- party credit risk through our contractual arrangements with government entities party to our PSCs, our current or future joint venture owners, marketers of our petroleum and natural gas production **, purchasers of our oil, natural gas and NGLs products** and other parties. In addition, we may be exposed to third- party credit risk from operators of properties in which we have a Working Interest or Royalty Interest. In the event such entities fail to meet their contractual obligations to us, such failures may have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, poor credit conditions in the industry generally and among our joint venture owners may affect a joint venture owner' s willingness to participate in our ongoing capital program, potentially delaying the program and the results of such program until it finds a suitable alternative partner. To the extent that any of such third parties go bankrupt, become insolvent, or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in our inability to collect all or a portion of any money owing from such parties. Any of these factors could materially adversely affect our financial and operational results. Our ability to collect payments from the sale of crude oil, natural gas and NGLs from our customers depends on the payment ability of our customer base, which may include a small number of significant customers. If our significant customers fail to pay for any reason, we could experience a material loss. In addition, if our significant customers cease to purchase or reduce the volume they purchase of our crude oil, natural gas or NGLs, the loss or reduction could have a detrimental effect on our production volumes and may cause a temporary interruption in sales of, or a lower price for, our crude oil, natural gas and NGLs. ~~39In~~ **In** addition, we are and may in the future be exposed to third- party credit risk through our contractual arrangements with governmental entities in Gabon or the EGPC. Significant changes in the crude oil industry, including fluctuations in commodity prices and economic conditions, environmental regulations, government policy, royalty rates and other geopolitical factors, could adversely affect our ability to realize the full value of our accounts receivable from government entities in Gabon or the EGPC. Historically, we have had significant account receivables outstanding from governmental entities in Gabon and the EGPC. While the EGPC has made regular payments of these amounts owing, the timing of these payments has historically been longer than the normal industry standard. In **addition, EGPC has at times faced difficulties in accessing foreign exchange markets for the purpose of obtaining U. S. dollars in exchange for Egyptian Pounds. In** the event the Governments of Gabon or Egypt fails to meet their respective obligations **or we are forced to accept payment in foreign currencies** , such failures could materially adversely affect our financial and operational results. We are also exposed to third- party credit risk through our banking relationships in the jurisdictions in which we operate. Recent macroeconomic conditions have caused turmoil in the banking sector in the United States and elsewhere. If any of the banks in which we keep our deposits is affected by such turmoil, we could be materially and adversely affected. ~~Our~~ **32Our** business could be materially and adversely affected by security threats, including cybersecurity threats, and other disruptions. As a crude oil, natural gas and NGLs producer, we face various security threats, including cybersecurity threats to gain unauthorized access to sensitive information or to render data or systems unusable; threats to the security of our facilities and infrastructure or third- party facilities and infrastructure, such as processing plants and pipelines; and threats from terrorist acts. The potential for such security threats has subjected our operations to increased risks that could have a material adverse effect on our business. In particular, our implementation of various procedures and controls to monitor and mitigate security threats and to increase security for our information, facilities and infrastructure may result in increased capital and operating costs. Costs for insurance may also increase as a result of security threats, and some insurance coverage may become more difficult to obtain, if available at all. Moreover, there can be no assurance that such procedures and controls will be sufficient to prevent security breaches from occurring. If any of these security breaches were to occur, they could lead to losses of sensitive information, critical infrastructure or capabilities essential to our operations and could have a material adverse effect on our reputation, financial position, results of operations and cash flows. Cybersecurity attacks in particular are becoming more sophisticated, and geopolitical tensions or conflicts, such as Russia' s invasion of Ukraine, may further heighten the risk of such attacks. We rely extensively on information technology systems, including internet sites, computer software, data hosting facilities and other hardware and platforms, some of which are hosted by third parties, to assist in conducting our business. Our technologies systems and networks, and those of our business associates may become the target of cybersecurity attacks, including without limitation malicious software, attempts to gain unauthorized access to data and systems, and other electronic security breaches that could lead to disruptions in critical systems and materially and adversely affect us in a variety of ways, including the following: • unauthorized access to and release of seismic data, reserves information, strategic information or other sensitive or proprietary information, which could have a material adverse effect on our ability to compete for crude oil, natural gas and NGLs resources; • data corruption, communication interruption, or other operational disruption during drilling activities could result in failure to reach the intended target or a drilling incident; • unauthorized access to and release of personal identifying information of employees and vendors, which could expose us to allegations that we did not sufficiently protect that information; • a cybersecurity attack on a vendor or service provider, which could result in supply chain disruptions and could delay or halt operations; • a cybersecurity attack on third- party gathering, transportation, processing, fractionation, refining or export facilities, which could delay or prevent us from transporting and marketing our production, resulting in a loss of revenues; • a cybersecurity attack involving commodities exchanges or financial institutions could slow or halt commodities trading, thus preventing us from engaging in hedging activities, resulting in a loss of revenues; and • business interruptions, including use of social engineering schemes and / or ransomware, could result in expensive remediation efforts, distraction of management, damage to our reputation, or a negative impact on the price of our common stock. To protect against such attempts of unauthorized access or attack, we have implemented multiple layers of cybersecurity protection, infrastructure protection technologies, disaster recovery plans and employee training. While we have invested significant amounts in the protection of our technology systems and maintain what we believe are adequate security controls over sensitive data, there can be no guarantee such plans will be effective. Any cyber incident could damage our reputation and lead to financial losses from remedial actions, loss of business or potential liability. Additionally, certain cyber incidents, such as surveillance, may remain undetected for an extended period. ~~40Events~~ **Current and future geopolitical events** outside of our control ~~, such as the ongoing COVID- 19 pandemic and Russia' s invasion of Ukraine,~~ could adversely impact our business, results of operations, cash flows, financial condition and liquidity. We face risks related to **geopolitical events, international hostility,** epidemics, outbreaks and other macroeconomic events that are outside of our control. The ~~global or~~ **occurrence of certain geopolitical events, including those arising from terrorist activity,** ~~national~~ **international hostility,** ~~outbreak of an illness or any other communicable disease or any other~~ public health crisis ~~such as the COVID- 19 pandemic~~ , and ~~effects of~~ the ~~occurrence of certain geopolitical events such as the ongoing military conflict between Russia and Ukraine and the slowdown of the Chinese economy~~ **economic impact of global trade tension and the imposition of tariffs,** could significantly disrupt our business and operational plans and adversely affect our results of operations, cash flows, financial condition and liquidity **. For instance, the ongoing conflicts in the Middle East and between Russia and Ukraine have and may continue to cause geopolitical instability, and adversely impact the global economy, supply chains and specific markets and industries** . Although we are not able to enumerate all potential risks to our business resulting from ~~the~~ **these and** ~~ongoing COVID- 19 pandemic, the~~ **other similar events** ~~conflict between Russia and Ukraine or the slowdown of the Chinese economy~~ , we believe that such risks include, but are not limited to, the following: • disruption to our supply chain for materials essential to our business, including restrictions on importing and exporting products; • customers, suppliers and other third parties arguing that their non- performance under our contracts with them is permitted as a result of force majeure or other reasons; • cybersecurity attacks, particularly as digital technologies may become more vulnerable and experience a higher rate of cyberattacks in the current environment of remote connectivity; • ~~litigation risk and possible loss contingencies related to COVID- 19 and its impact, including with respect to commercial contracts, employee matters and insurance arrangements; •~~ any reductions of our workforce to adjust to market conditions, including severance payments, retention issues, and possible inability to hire employees when market conditions improve; • logistical challenges, including those resulting from border closures and travel restrictions, as well as the possibility that our ability to continue production may be interrupted, limited or curtailed if workers and / or materials are unable to reach our offshore platforms and FSO charter vessel or our counterparties are unable to lift crude oil from our FSO charter vessel; • we may be ~~subject to actions undertaken by national, regional and local governments and health officials to contain the virus or treat its effects, including travel restrictions and temporary closures; • we may be~~ materially adversely affected by the effects of sanctions and other penalties imposed on Russia by the U. S., the European Union and other countries; and • we may experience a structural shift in the global economy and our demand for crude oil, natural gas and NGLs as a result of changes in the way people work, travel and interact, or in connection with a global recession or depression. We cannot reasonably estimate the period of time that ~~the~~ **these** ~~COVID- 19 pandemic, Russia' s invasion of Ukraine and related market~~ conditions will persist; the full extent of the impact they will have on our business, results of operations, cash flows, financial condition and liquidity; or the pace or extent of any subsequent recovery. ~~Production~~ **33Production** cuts mandated by the government of Gabon, a member of OPEC, could adversely affect our revenues, cash flow and results of operations. After terminating its membership with OPEC in 1995, Gabon re- joined OPEC as a full member in July 2016. Historically and from time to time, members of OPEC have entered into agreements to reduce worldwide production of crude oil, including the agreement reached in April 2020 among OPEC member countries and other leading allied producing countries (collectively, " OPEC ") to reduce the gap between excess supply and demand in an effort to stabilize the international oil market. Gabon undertook measures to comply with such OPEC production quota agreement. As a result, the Minister of Hydrocarbons in Gabon requested that we reduce our production beginning July 2020 and continuing through April 20, 2021 in compliance with the OPEC mandate, and we took measures to temporarily reduce our production. In July 2021, OPEC agreed to increase production beginning in August 2021 and to gradually phase out prior production cuts by September 2022. The decision to increase ~~in~~ production was reaffirmed by an OPEC meeting held on February 2, 2022. However, as a result of the recent decline in oil prices, on October 5, 2022, OPEC announced plans to reduce overall oil production by 2 MMBbls per day starting November 2022. We have not received any mandate to reduce ~~its~~ current oil production from the Etame Marin block as a result of the OPEC initiative and currently, our production is not impacted by OPEC curtailments. However, any future reduction in our crude oil production or export activities for a substantial period could materially and adversely affect our revenues, cash flows and results of operations. ~~41We~~ **Gabon remains a member of OPEC . There were no required curtailments in 2023. We** have less control over our investments in foreign properties than we would have over our domestic investments. Our exploration, development and production activities are subject to various political, economic and other uncertainties, including but not limited to changes, sometimes frequent or marked, in energy policies or the personnel administering them, expropriation of property, cancellation or modification of contract rights, changes in laws and policies governing operations of foreign- based companies, unilateral renegotiation of contracts by governmental entities, uncertainties as to whether the laws and regulations will be applicable in any particular circumstance, uncertainty as to whether we will be able to demonstrate to the satisfaction of the applicable governing authorities compliance with governmental or contractual requirements, redefinition of international boundaries or boundary disputes, foreign exchange restrictions, currency fluctuations, foreign currency availability, royalty and tax increases, changes to tax legislation or the imposition of new taxes, the imposition of production bonuses or other charges and other risks arising out of governmental sovereignty over the areas in which our operations are conducted. Our operations require, and any future opportunistic acquisitions may require, protracted negotiations with host governments, local governments and communities, local competent authorities, national oil companies, and third parties. **Host** ~~The Gabonese government~~ **governments** ~~' s~~ **may also conduct audits of our operations, the results of which may have a significant negative impact on our reported earnings or cash flows. Host governments may seek to participate in** oil **, natural gas or NGLs** ~~company may seek to participate in crude oil~~ projects in a manner that could be ~~dilutive~~ -- **diluted** to ~~the~~ **our** ~~interest~~ **interests . Host** ~~of current license holders, and the Gabonese government~~ **governments may also** ~~is under pressure from the Gabonese labor union to~~ require ~~companies~~ **us** to hire a ~~higher~~ **specified** percentage of ~~Gabonese~~ **local** citizens **in** ~~. In 2016, the government of Gabon conducted an audit of~~ our operations ~~in Gabon, covering the years 2013 through 2014. We received the findings from this audit and responded to the audit findings in January 2017. Since providing our response, there have been changes in the Gabonese officials responsible for the audit. We are working with the current representatives to resolve the audit findings. Between 2019 and 2021, the government of Gabon conducted an audit of our operations in Gabon, covering the years 2015 and 2016. While the impact of any adverse findings relating to these assessments is not anticipated to have a materially significant negative impact on our reported earnings or cash flows, we can make no assurances that this will be the case~~ . In addition, if a dispute arises with respect to our foreign operations, we may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons, especially foreign crude oil ministries and national oil companies, to the jurisdiction of the U. S. In December 2021 and during 2022, the Bank of Central African States (" BEAC "), which is the central bank for **the Central African Economic and Monetary Community (** CEMAC **)** , passed new regulations and instructions for the CEMAC FX regulations, which were introduced in 2018, that only apply to the extractive industry. The intent of the new regulations is to ensure the application of the FX regulations as of January 1, 2022, without impeding the operations of the extractive industry. Due to the lack of necessary banking infrastructure and preparedness by the banking sector and the various government agencies to apply the new regulations, it is foreseeable that we will run the risk of seeing delays in paying our vendors and domiciliation of goods and services into the CEMAC region throughout ~~2023~~ **2024** and beyond. As part of securing the first of two five- year extensions to the Etame PSC in 2016, we agreed to a cash funding arrangement for the eventual abandonment of all offshore wells, platforms and facilities on the Etame Marin block. On February 28, 2019, in accordance with certain foreign currency regulatory requirements, the Gabonese branch of the international commercial bank holding the abandonment funds in a U. S. dollar- denominated account transferred the funds to the Central Bank for CEMAC and later converted, at the request of BEAC, the funds in U. S. dollars to franc CFA, the currency of the CEMAC, of which Gabon is one of the six member states. The Etame PSC provides that these payments must be denominated in U. S. dollars. After continued discussions with CEMAC, they agreed to the return of the USD funds and on January 12, 2023, the abandonment funds were returned to the USD account of the Gabonese branch of the international commercial bank. We were allowed to re- establish a USD denominated account and made whole for the original USD amount. Pursuant to Amendment No. 5 of the Etame PSC, we are working with Directorate of Hydrocarbons in Gabon on establishing a payment schedule to resume funding of the abandonment fund in compliance with the Etame PSC. Private ownership of crude oil reserves under crude oil leases in the U. S. differs distinctly from our rights in foreign reserves where the state generally retains ownership of the minerals, and in many cases participates in, the exploration and production of hydrocarbon reserves. Accordingly, operations outside the U. S. may be materially affected by host governments. While the laws of each of Gabon and Equatorial Guinea recognize private and public property and the right to own property is protected by law, the laws of each country reserve, at the respective government' s discretion, the right to expropriate property and terminate contracts (including the Etame PSC and the Block P PSC) for reasons of public interest, subject to reasonable compensation, determinable by the respective government in our discretion. The terms of the Etame PSC include provisions for, among other things, payments to the government of Gabon for a 13 % Royalty Interest based on crude oil production at published prices and payments for a shared portion of " profit oil, " based on daily production rates, which such " profit oil " has been and can continue to be taken in- kind through taking crude oil barrels rather than making cash payments. ~~42We~~ **34We** have operated in Gabon since 1995 and believe we have good relations with the current Gabonese government. However, there can be no assurance that present or future administrations or governmental regulations in Gabon will not materially adversely affect our operations or cash flows. The respective applicable laws governing the exploration and production of hydrocarbons in Gabon and Equatorial Guinea (Law No. 002 / 2019 in Gabon and Law No. 8 / 2006 in Equatorial Guinea) each provide their respective government officials with significantly broad regulatory, inspective and auditing powers with respect to the performance of petroleum operations, which include the powers to negotiate, sign, amend and perform all contracts entered into between the respective governments and independent contractors. The executive branches of each respective government also retain significant discretionary powers, giving considerable control over the executive, judiciary and legislative branches of each government, and the ability to adopt measures with a direct impact on private investments and projects, including the right to appoint ministers responsible for petroleum operations. Further, in Equatorial Guinea, any new PSC or equivalent agreement for the exploration and exploitation of hydrocarbons is subject to presidential ratification before it can become effective. **We** ~~In addition, the majority of TransGlobe' s current production is located in Egypt. As such, we~~ are **also** now subject to political, economic and other uncertainties in Egypt. Any of the factors detailed above or similar factors could have a material adverse effect on our business, results of operations or financial condition. If our operations are disrupted and / or the economic integrity of our projects are threatened for unexpected reasons, our business may be harmed. Prolonged problems may threaten the commercial viability of our operations **.** Our operations may be adversely affected by political and economic circumstances in the countries in which we operate. Our operations are subject to risks of loss due to civil strife, acts of war, acts of terrorism, piracy, disease, guerrilla activities, insurrection **, military activities** and other political risks, including tension and confrontations among political parties, that may result in: • volatility in global crude oil prices, which could negatively impact the global economy, resulting in slower economic growth rates, which could reduce demand for our products; • negative impact on the world crude oil supply if infrastructure or transportation are disrupted, leading to further commodity price volatility; • difficulty in attracting and retaining qualified personnel to work in areas with potential for conflict; • the inability of our personnel or supplies to enter or exit the countries where we are conducting operations; • disruption of our operations due to evacuation of personnel; • the inability to deliver our production due to disruption or closing of transportation routes; • a reduced ability to export our production due to efforts of countries to conserve domestic resources; • damage to or destruction of our wells, production facilities, receiving terminals or other operating assets; • the incurrence of significant costs for security personnel and systems; • damage to or destruction of property belonging to our commodity purchasers leading to interruption of deliveries, claims of force majeure, and / or termination of commodity sales contracts, resulting in a reduction in our revenues; • the inability of our service and equipment providers to deliver items necessary for us to conduct our operations resulting in a halt or delay in our planned exploration activities, delayed development of major projects, or shut- in of producing fields; • a lack of availability of drilling rig, oilfield equipment or services if third party providers decide to exit the region; • the imposition of U. S. government or international sanctions that limit our ability to conduct our business; • a shutdown of a financial system, communications network, or power grid causing a disruption to our business activities; and • a capital market reassessment of risk and reduction of available capital making it more difficult for us and our joint owners to obtain financing for potential development projects. ~~43Some~~ -- **Some** of these risks may be higher in the developing countries in which we conduct our activities, namely, Gabon, Equatorial Guinea and Egypt. For example, in **September 2023,** Gabon **experienced a largely non- violent** , **military coup d' état and** the ~~Gabonese administration~~ **country' s leadership changed hands. The group leading the coup created a Committee for the Transition and Restauration of Institutions and a new president was sworn in on the basis of a transition charter adopted by the group leading the coup. The new president** has ~~experienced~~ **indicated that** a **new constitution for Gabon will be adopted** ~~succession of large- scale strikes since 2021, general~~ and ~~unlimited strikes~~ **that elections will be held after a transition period. No assurance can be given that any such new constitution will be adopted or if adopted, that the content thereof will be in line with Gabon' s existing laws. Any of these developments may** have ~~been initiated by workers in the oil sector, by agents of the Ministry of Foreign Affairs, by air traffic controllers and~~ - **an** ~~by the collectors of~~ **adverse effect on our operations and** financial **results** ~~regimes. Both Gabon and Equatorial Guinea have had ongoing border disputes, and the Gulf of Guinea, covering Gabon, is often presented as a high risk zone for piracy. There has been significant civil unrest and widespread protests and demonstrations throughout the Middle East, including Egypt, since 2011. Abdel Fattah el- Sisi was elected President of Egypt in 2014 following a few years of widespread protests, demonstrations and civil unrest. Since this time, political and economic stability has returned to the country leading to a positive impact in business confidence, but this remains a jurisdiction with political and economic risk~~ . While we monitor the economic and political environments of the countries in which we operate, loss of property and / or interruption of our business plans resulting from civil **or political** unrest could have a significant negative impact on our earnings and cash flow. In addition, losses caused by these disruptions may not be covered by insurance, or even if they are covered by insurance, we may not have enough insurance to cover all of these losses. If any violent action causes us to become involved in a dispute, we may be subject to the exclusive jurisdiction of courts outside the U. S. or may not be successful in subjecting non- U. S. persons to the jurisdiction of courts in the U. S. or international arbitration, which could adversely affect the outcome of such dispute. ~~Inflation~~ **35Inflation** could adversely impact our ability to control costs, including operating expenses and capital costs. ~~Although inflation~~ **Inflation** ~~has been relatively low in recent years, it~~ rose significantly in the second half of 2021 and through ~~2022~~ **2023** . In addition, global and industry- wide supply chain disruptions have resulted in shortages in labor, materials and services. Such shortages have resulted in inflationary cost increases for labor, materials and services and could continue to cause costs to increase, as well as a scarcity of certain products and raw materials. To the extent inflation remains elevated, we may experience further cost increases for our operations, including oilfield services and equipment as increasing prices of oil, natural gas and NGLs, increased drilling activity in our areas of operations, as well as increased labor costs. An increase in the prices of oil, natural gas and NGLs may cause the costs of materials and services we use to rise. We cannot predict any future trends in the rate of inflation, and a significant increase in inflation, to the extent we are unable to recover higher costs through higher commodity prices and revenues, could negatively impact our business, financial condition and results of operation. Our results of operations, financial condition and cash flows could be adversely affected by changes in currency exchange rates. We are exposed to foreign currency risk from our foreign operations. While crude oil sales are denominated in U. S. dollars, portions of our costs in Gabon are denominated in the local currency. A weakening U. S. dollar will have the effect of increasing costs, while a strengthening U. S. dollar will have the effect of reducing operating costs. The Gabon local currency is tied to the Euro. The exchange rate between the Euro and the U. S. dollar has fluctuated widely in recent years in response to international political conditions, general economic conditions, the European sovereign debt crisis and other factors beyond our control. Our financial statements, presented in U. S. dollars, may be affected by foreign currency fluctuations through both translation risk and transaction risk. In addition, currency devaluation can result in a loss to us for any deposits of that currency, such as our deposits in the Etame PSC abandonment account, which have been converted from U. S. dollars to the Gabonese local currency. We are also exposed to foreign currency exchange risk related to certain cash, accounts receivable, long- term debt, lease obligations and accounts payable and accrued liabilities denominated in Canadian dollars, and on cash balances denominated in Egyptian pounds. Some collections of our accounts receivable from the Egyptian Government are received in Egyptian pounds, and while we are generally able to spend the Egyptian pounds received on accounts payable denominated in Egyptian pounds, there remains foreign currency exchange risk exposure on Egyptian pound cash balances. In addition, from time to time, emerging market countries such as those in which we operate adopt measures to restrict the availability of the local currency or the repatriation of capital across borders. These measures are imposed by governments or central banks, in some cases during times of economic instability, to prevent the removal of capital or the sudden devaluation of local currencies or to maintain in-country foreign currency reserves. In addition, many emerging markets countries require consents or reporting processes before local currency earnings can be converted into U. S. dollars or other currencies and / or such earnings can be repatriated or otherwise transferred outside of the operating jurisdiction. These measures may have a number of negative effects on us, including the reduction of the immediately available capital that we could otherwise deploy for investment opportunities or the payment of expenses. In addition, measures that restrict the availability of the local currency or impose a requirement to operate in the local currency may create other practical difficulties for us. We do not utilize derivative instruments to manage these foreign currency risks. As a result, our consolidated earnings and cash flows may be impacted by movements in the exchange rates. ~~44We~~ **We** operate in international jurisdictions, and we could be adversely affected by violations of the U. S. Foreign Corrupt Practices Act and similar worldwide anti- corruption laws. We are subject to the provisions of the U. S. Foreign Corrupt Practices Act, the UK Bribery Act, the Corruption of Foreign Public Officials Act (Canada) and other similar laws. The foregoing laws prohibit companies and their intermediaries from making improper payments to officials for the purpose of obtaining or retaining business. In addition, such laws require the maintenance of records relating to transactions and an adequate system of internal controls over accounting. There can be no assurance that our internal control policies and procedures, compliance mechanisms or monitoring programs will protect us from recklessness, fraudulent behavior, dishonesty or other inappropriate acts or adequately prevent or detect possible violations under applicable anti- bribery and anti- corruption legislation. Our failure to comply with anti- bribery and anti- corruption legislation could result in severe criminal or civil sanctions and may subject us to other liabilities, including fines, prosecution, potential debarment from public procurement and reputational damage, all of which could have a material adverse effect on our business, results of operations and financial condition. Investigations by governmental authorities could have a material adverse effect on our business, results of operations and financial condition. There are inherent limitations in all control systems, and misstatements due to error or fraud that could seriously harm our business may occur and not be detected. While our management has concluded that our internal control over financial reporting is effective, we do not expect that the relevant internal controls and disclosure controls will prevent or detect all possible errors or all instances of fraud ~~, and this risk is and may continue to be heightened in the context of our integration of TransGlobe' s control systems~~ . A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the fact that there are resource constraints, and the benefit of controls must be relative to their costs. Because of the inherent limitations in all control systems, an evaluation of controls can only provide reasonable assurance that all material control issues and instances of fraud, if any, have been or will be detected. These inherent limitations include the realities that judgments in decision- making can be faulty and that breakdowns can occur because of simple error or mistakes. Further, controls can be circumvented by the individual acts of some persons or by two or more persons acting in collusion. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of inherent limitations in any control system designed under a cost- effective approach, misstatements due to error or fraud may occur and not be detected. A failure of the controls and procedures to detect error or fraud could seriously harm our business and results of operations. **36We** ~~We have identified material weaknesses in our internal control over financial reporting which has caused us to conclude our disclosure controls and procedures and our internal control over financial reporting were not effective as of December 31, 2022 and could, if not remediated, adversely affect our ability to report our financial condition and results of operations in a timely and accurate manner, investor confidence in our company and, as a result, the value of our common stock. We are required to evaluate the effectiveness of our disclosure controls and procedures and our internal control over financial reporting on a periodic basis and publicly disclose the results of these evaluations and related matters in accordance with the requirements of Section 404 of the Sarbanes- Oxley Act of 2002. We have identified certain material weaknesses in internal control over financial reporting in the areas of (i) accounting for leases, (ii) accounting for complex areas, specifically, business combinations, (iii) consolidation reporting related to recently acquired business operations, and (iv) accounting for income taxes, as described in " Item 9A. Controls and Procedures " of this Form 10- K. As a result of such material weaknesses, our management concluded that our disclosure controls and procedures and our internal control over financial reporting were not effective as of December 31, 2022. A " material weakness " is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. We are actively engaged in developing and implementing a remediation plan, as described in " Item 9A. Controls and Procedures " of this Form 10- K, designed to address these material weaknesses, but our remediation efforts are not complete and are ongoing. Although we are working to remedy the ineffectiveness of the Company' s internal control over financial reporting, there can be no assurance as to when the remediation plan will be fully developed, when it will be fully implemented or the aggregate cost of implementation. Until our remediation plan is fully implemented, our management will continue to devote significant time and attention to these efforts. If we do not complete our remediation in a timely fashion, or at all, or if our remediation plan is inadequate, there will continue to be an increased risk that we will be unable to timely file future periodic reports with the SEC and that our future consolidated financial statements could contain errors that will be undetected. If we are unable to report our results in a timely and accurate manner, we may not be able to comply with the applicable covenants in our financing arrangements and may be required to seek additional amendments or waivers under these financing arrangements, which could adversely impact our liquidity and financial condition. Further and continued determinations that there are material weaknesses in the effectiveness of the Company' s~~

~~internal control over financial reporting could reduce our ability to obtain financing or could increase the cost of any financing we obtain and require additional expenditures of both money and our management' s time to comply with applicable requirements. 45Any failure to implement or maintain required new or improved controls, or any difficulties we encounter in their implementation, could result in additional material weaknesses or material misstatement in our consolidated financial statements. Any misstatement could result in a restatement of our consolidated financial statements, cause us to fail to meet our reporting obligations, reduce our ability to obtain financing or cause investors to lose confidence in our reported financial information, leading to a decline in our stock price. We cannot assure you that we will not discover additional weaknesses in our internal control over financial reporting. We are required to furnish a report by management, and our independent registered public accounting firm is required to provide an attestation report, on the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes- Oxley Act of 2002. If we are unable to comply with the requirements of Section 404 in a timely manner or assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to provide us with an unqualified report regarding the effectiveness of our internal control over financial reporting, investors could lose confidence in the reliability of our financial statements. This could result in a decrease in the value of our common stock. Failure to comply with the Sarbanes- Oxley Act of 2002 could potentially subject us to sanctions or investigations by the SEC, NYSE, or other regulatory authorities. Furthermore, as we grow our business, our disclosure controls and internal controls will become more complex, and we may require significantly more resources to ensure the effectiveness of these controls. If we are unable to continue upgrading our financial and management controls, reporting systems, information technology and procedures in a timely and effective fashion, additional management and other resources may need to be devoted to assist in compliance with the disclosure and financial reporting requirements and other rules that apply to reporting companies, which could adversely affect our business, financial position and results of operations. We~~ may not have enough insurance to cover all of the risks we face. Our business is subject to all of the operating risks normally associated with the exploration for and production, gathering, processing, and transportation of crude oil, natural gas and NGLs, including blowouts, cratering and fire, any of which could result in damage to, or destruction of, crude oil, natural gas and NGLs wells or formations, production facilities, and other property, as well as injury to persons. For protection against financial loss resulting from these operating hazards, we maintain insurance coverage, including insurance coverage for certain physical damage, blowout / control of a well, comprehensive general liability, worker' s compensation and employer' s liability. However, our insurance coverage may not be sufficient to cover us against 100 % of potential losses arising as a result of the foregoing, and for certain risks, such as political risk, nationalization, business interruption, war, terrorism, and piracy, for which we have limited or no coverage. In addition, we are not insured against all risks in all aspects of our business, such as hurricanes. The occurrence of a significant event that we are not fully insured against could have a material adverse effect on our consolidated financial position, results of operations, or cash flows. ~~Our~~ **37Our** business could suffer if we lose the services of, or fail to attract, key personnel. We are highly dependent upon the efforts of our senior management and other key employees. The loss of the services of our Chief Executive Officer or Chief Financial Officer, as well as any loss of the services of one or more other members of our senior management, could delay or prevent the achievement of our objectives. We do not maintain any " key- man " insurance policies on any of our senior management, and do not intend to obtain such insurance. In addition, due to the specialized nature of our business, we are highly dependent upon our ability to attract and retain qualified personnel with extensive experience and expertise in evaluating and analyzing drilling prospects and producing crude oil, natural gas and NGLs from proved properties and maximizing production from crude oil, natural gas and NGLs properties. There is competition for qualified personnel in the areas of our activities, and we may be unsuccessful in attracting and retaining these personnel. ~~46We~~ **We** are subject to relinquishment obligations under certain of our title documents. We are subject to relinquishment obligations under our title documents which oblige us to relinquish certain proportions of our concession lease and license areas and thereby reduce our acreage. Additionally, we may be unable to drill all of our prospects or satisfy our minimum work commitments prior to relinquishment and may be unable to meet our obligations under the title documents. Failure to meet such obligations could result in concessions, leases and licenses being suspended, revoked or terminated which could have a material adverse effect on our business. We may be exposed to the risk of earthquakes in Alberta. The AER monitors seismic activity across the province of Alberta in Canada to assess the risks associated with, and instances of, earthquakes induced by hydraulic fracturing. In recent years, hydraulic fracturing has been linked to increased seismicity in the areas in which hydraulic fracturing takes place, prompting regulatory authorities to investigate the practice further. The AER has developed monitoring and reporting requirements that apply to all oil and natural gas producers working in certain areas where the likelihood of an earthquake is higher, and implemented the requirements in Subsurface Order Nos. 2, 6, and 7 (the " Seismic Protocol Regions "). While we do not have operations in the Seismic Protocol Regions, we own production and working interest facilities and assets in the Harmattan area of west central Alberta and are exposed to the risks of earthquakes in that region. We routinely conduct hydraulic fracturing in our drilling and completion programs. There may be valid challenges to title or legislative changes which affect our title to the oil, natural gas and NGLs properties we control in Canada. Although title reviews may be conducted in Canada prior to the purchase of oil, natural gas and NGLs producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise. Due in part to the nature of property rights development historically in Canada as well as the common practice of splitting legal and beneficial title, public registries are not determinative of actual rights held by parties. Further, the fragmented nature of oil and gas rights, which may be held by the government or private individuals and companies, and may be split among a great number of different granting documents, means that despite best efforts of parties, latent defects may not be immediately discoverable. As such, our actual interest in properties may accordingly vary from our records. If a title defect does exist, it is possible that we may lose all or a portion of the properties to which the title defect relates, which may have a material adverse effect on our business, financial condition, results of operations and prospects. There may be valid challenges to title or legislative changes, which affect our title to the oil and natural gas properties that we control in Canada that could impair our activities and result in a reduction of the revenue we receive. Additionally, title claims by Indigenous groups could, among other things, delay or prevent the exploration or development of our properties, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects. Our results of operations, financial condition and cash flows could be adversely affected by changes in currency regulations. From time to time, emerging market countries such as those in which we operate adopt measures to restrict the availability of the local currency or the repatriation of capital across borders. These measures are imposed by governments or central banks, in some cases during times of economic instability, to prevent the removal of capital or the sudden devaluation of local currencies or to maintain in- country foreign currency reserves. In addition, many emerging markets countries require consents or reporting processes before local currency earnings can be converted into U. S. dollars or other currencies and / or such earnings can be repatriated or otherwise transferred outside of the operating jurisdiction. These measures may have a number of negative effects on us, including the reduction of the immediately available capital that we could otherwise deploy for investment opportunities or the payment of expenses. In addition, measures that restrict the availability of the local currency or impose a requirement to operate in the local currency may create other practical difficulties for us. Our results of operations, financial condition and cash flows could be adversely affected by changes to interest rates. Our Facility Agreement is for $ ~~50~~ **43. 8** million, none of which had been drawn as of December 31, ~~2022~~ **2023** . An increase in interest rates could result in a significant increase in the amount we pay to service any subsequently drawn, and any future other debt taken out by us, resulting in a reduced amount available to fund our exploration and development activities and, if applicable, the cash available for dividends. Such an increase could also negatively impact the market price of the shares of common stock. ~~47The~~ -- **The** development of our estimated proved undeveloped reserves may take longer and may require higher levels of capital expenditures than we currently anticipate. Therefore, our estimated proved undeveloped reserves may not be ultimately developed or produced. At December 31, ~~2022~~ **2023** , approximately ~~15~~ **22** % of our total estimated proved reserves were undeveloped reserves. Recovery of undeveloped reserves requires significant capital expenditures and successful drilling. Our reserves data assumes that we can and will make these expenditures and conduct these operations successfully. These assumptions, however, may not prove correct. Delays in the development of our reserves, increases in costs to drill and develop such reserves, or decreases in commodity prices will reduce the value of our estimated proved undeveloped reserves and future net revenues estimated for such reserves and may result in some projects becoming uneconomic. If we choose not to spend the capital to develop these reserves, or if we are not otherwise able to successfully develop these reserves, we will be required to write- off these reserves. In addition, under the SEC' s reserve rules, because proved undeveloped reserves may be recognized only if they relate to wells planned to be drilled within five years of the date of their initial recognition, we may be required to write- off any proved undeveloped reserves that are not developed within this five- year time frame. ~~Risks~~ **38Risks** Relating to Our Industry Crude oil, natural gas and NGLs prices are highly volatile and a depressed price regime, if prolonged, may negatively affect our financial results. Our revenues, cash flow, profitability, crude oil, natural gas and NGLs reserves value and future rate of growth are substantially dependent upon prevailing prices for crude oil, natural gas and NGLs. Our ability to enter into debt financing arrangements and to obtain additional capital on reasonable terms, or at all, is substantially dependent on crude oil, natural gas and NGLs prices. World- wide crude oil, natural gas and NGLs prices and markets have been volatile and may continue to be volatile in the future. Prices for crude oil, natural gas and NGLs are subject to wide fluctuations in response to relatively minor changes in the supply of and demand for crude oil, natural gas and NGLs, market uncertainty and a variety of additional factors that are beyond our control. These factors include, but are not limited to, increases in supplies from U. S. shale production, international political conditions, including war, uprisings **, terrorism** and political unrest in the Middle East and Africa **, slowdowns to the global supply chain** , the domestic and foreign supply of crude oil, natural gas and NGLs, actions by OPEC member countries and other state- controlled oil companies to agree upon and maintain crude oil price and production controls, the level of consumer demand that is impacted by economic growth rates; weather conditions; domestic and foreign governmental regulations and taxes; the price and availability of alternative fuels; technological advances affecting energy consumption; the health of international economic and credit markets; and changes in the level of demand resulting from global or national health epidemics and concerns ~~, such as the ongoing COVID- 19 pandemic~~ . In addition, various factors including the effect of federal, state and foreign regulation of production and transportation, general economic conditions, changes in supply due to drilling by other producers and changes in demand may adversely affect our ability to market our crude oil, natural gas and NGLs production. In a period of depressed or declining crude oil, natural gas and NGLs prices, we are subject to numerous risks, including but not limited to the following: • our revenues, cash flows and profitability may decline substantially, which could also indirectly impact expected production by reducing the amount of funds available to engage in exploration, drilling and production; • third party confidence in our commercial or financial ability to explore and produce crude oil, natural gas and NGLs could erode, which could impact our ability to execute on our business strategy; • our suppliers, hedge counterparties (if any), vendors and service providers could renegotiate the terms of our arrangements, terminate their relationship with us or require financial assurances from us; • we may take measures to preserve liquidity, such us our decision to cease or defer discretionary capital expenditures during such periods of depressed or declining oil prices; and • it may become more difficult to retain, attract or replace key employees. The occurrence of certain of these events may have a material adverse effect on our business, results of operations and financial condition. ~~48If~~ **If** crude oil, natural gas or NGLs prices decline, we expect that the estimated quantities and present values of our reserves will be reduced, which may necessitate further write- downs. Any future write- downs or impairments could have a material adverse impact on our results of operations. A material decline in prices could also result in a reduction of our net production revenue. Any substantial and extended decline in the price of oil, natural gas and NGLs would have an adverse effect on the carrying value of our reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on our business, financial condition, results of operations and prospects. Volatile oil, natural gas and NGLs prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil, natural gas and NGLs producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for, and project the return on, acquisitions and development and exploitation projects. Exploring for, developing, or acquiring reserves is capital intensive and uncertain. We may not be able to economically find, develop, or acquire additional reserves, or may not be able to make the necessary capital investments to develop our reserves, if our cash flows from operations decline or external sources of capital become limited or unavailable. Drilling activities are subject to many risks, including the risk that no commercially productive reservoirs will be encountered. There can be no assurance that new wells that we drill will be productive or that we will recover all or any portion of our investment. Drilling for crude oil, natural gas and NGLs may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. The cost of drilling, completing and operating wells is often uncertain and cost overruns are common. In particular, offshore drilling and development operations require highly capital- intensive techniques. Our drilling operations may be curtailed, delayed or cancelled as a result of numerous factors, many of which are beyond our control, including weather conditions, equipment failures or accidents, elevated pressure or irregularities in geologic formations, compliance with governmental requirements and shortages or delays in the delivery of or increased costs for equipment and services. If we are unable to continue drilling operations and we do not replace the reserves we produce or acquire additional reserves, our reserves, revenues and cash flow will decrease over time, which could have a material effect on our ability to continue as a going concern. Our costs could escalate and become uncompetitive due to supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs, commodity prices, and additional government intervention through stimulus spending or additional regulations. Our inability to manage costs may impact project returns and future development decisions, which could have a material adverse effect on our financial performance and cash flows. ~~Competitive~~ **39Competitive** industry conditions may negatively affect our ability to conduct operations. The crude oil, natural gas, and NGLs industry is intensely competitive. Our competitors include major integrated oil companies and substantial independent energy companies, many of which possess greater financial, technological, personnel and other resources than we do. We may be outbid by our competitors in our attempts to acquire exploration and production rights in crude oil, natural gas and NGLs properties. These properties include exploration prospects as well as properties with proved reserves. Our competitors may also use superior technology that we may be unable to afford or that would require costly investment in order to compete. There is also competition for contracting for drilling equipment and the hiring of experienced personnel. Factors that affect our ability to compete in the marketplace include, among other things: • our access to the capital necessary to drill wells and acquire properties; • our ability to acquire and analyze seismic, geological and other information relating to a property; • our ability to retain and hire experienced personnel, especially for our engineering, geoscience and accounting departments; and • the location of, and our ability to access, platforms, pipelines and other facilities used to produce and transport crude oil, natural gas and NGLs production. In addition, competition due to advances in renewable fuels may also lessen the demand for our products and negatively impact our profitability. ~~49Alternatives~~ -- **Alternatives** to petroleum- based products and production methods are continually under development. For example, a number of automotive, industrial and power generation manufacturers are developing alternative clean power systems using fuel cells or clean- burning gaseous fuels that may address increasing worldwide energy costs, the long- term availability of petroleum reserves and environmental concerns, which if successful could lower the demand for crude oil, natural gas and NGLs. If these non- petroleum based products and crude oil alternatives continue to expand and gain broad acceptance such that the overall demand for crude oil, natural gas and NGLs is decreased, it could have an adverse effect on our operations and the value of our assets. Weather, unexpected subsurface conditions and other unforeseen operating hazards may adversely impact our crude oil, natural gas and NGLs activities. The crude oil, natural gas and NGLs business involves a variety of operating risks, including fire; explosions; blow- outs; pipe failure, casing collapse; abnormally pressured formations; and environmental hazards such as crude oil spills, natural gas leaks, ruptures and discharges of toxic gases, underground migration, and surface spills or mishandling of well fluids, including chemical additives, the occurrence of any of which could result in substantial losses due to injury and loss of life, severe damage to and destruction of property, natural resources and equipment, pollution and other environmental damage, clean- up responsibilities, regulatory investigation and penalties and suspension of operations. Climate change could have an effect on the severity of weather (including hurricanes ~~and~~ **,** floods **and wildfires**), sea levels, the arability of farmland, and water availability and quality. If such effects were to occur, our exploration and production operations may be adversely affected. Potential adverse effects could include damages to our facilities, disruption of our production activities, less efficient or non- routine operating practices necessitated by climate effects or increased costs for insurance coverages in the aftermath of such effects. Significant physical effects of climate change could also have an indirect effect on our financing and operations by disrupting the transportation or process- related services provided by midstream companies, service companies or suppliers with whom we have a business relationship. We maintain insurance against some, but not all, potential risks; however, there can be no assurance that such insurance will be adequate to cover any losses or exposure for liability. The occurrence of a significant unfavorable event not fully covered by insurance could have a material adverse effect on our financial condition, results of operations and cash flows. Furthermore, we cannot predict whether insurance will continue to be available to us at a reasonable cost or at all. An increased societal and governmental focus on ESG and climate change issues may adversely impact our business, impact our access to investors and financing, and decrease demand for our product. An increased expectation that companies address environmental (including climate change), social and governance (" ESG ") matters may have a myriad of impacts on our business. Some investors and lenders are factoring these issues into investment and financing decisions. They may rely upon companies that assign ratings to a company' s ESG performance. Unfavorable ESG ratings, as well as recent activism around fossil fuels, may dissuade investors or lenders from engaging with us in favor of companies in other industries, which could negatively impact our share price or our access to capital. Moreover, while we have and may continue to create and publish voluntary disclosures regarding ESG matters from time to time, many of the statements in those voluntary disclosures are based on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring and reporting on many ESG matters. Approaches to climate change and transition to a lower- carbon economy, including government regulation, company policies, and consumer behavior, are continuously evolving. At this time, we cannot predict how such approaches may develop or otherwise reasonably or reliably estimate their impact on our financial condition, results of operations and ability to compete. However, any long- term material adverse effect on the oil and gas industry may adversely affect our financial condition, results of operations and cash flows. In Canada, opposition by Indigenous groups to our operations, development or exploration activities may negatively impact us. Opposition by Indigenous groups to the conduct of our operations, development or exploratory activities in any of the jurisdictions in which we conduct business may negatively impact us in terms of public perception, diversion of management' s time and resources, legal and other advisory expenses, and could adversely impact our progress and ability to explore and develop properties. ~~50Some~~ **40Some** Indigenous groups have established or asserted Indigenous treaty and title rights to portions of Canada. Although there are no Indigenous treaty or title rights claims on lands where we operate, no certainty exists that any lands currently unaffected by claims brought by Indigenous groups will remain unaffected by future claims. Such claims, if successful, could have a material adverse impact on our operations and pace of growth. Canadian federal and provincial governments have a duty to consult with Indigenous people when contemplating actions that may adversely affect asserted or proven Indigenous treaty or title rights and, in certain circumstances, accommodate their concerns. The scope of the duty to consult by federal and provincial governments varies with the circumstances and is often the subject of litigation. The fulfilment of the duty to consult Indigenous people and any associated duties of accommodation may adversely affect our ability, or increase the time required to obtain or renew, permits, leases, licenses and other approvals, or to meet the terms and conditions of those approvals. Continued development of common law precedent regarding existing laws relating to Indigenous consultation and accommodation as well as the adoption of new laws are expected to continue to add uncertainty to the ability of entities operating in the Canadian oil and gas industry to execute on major resource development and infrastructure projects, including, among other projects, pipelines that could adversely impact our progress and ability to explore and develop properties in Canada. For example, Canada is a signatory to the United Nations Declaration of the Rights of Indigenous Peoples (" UNDRIP ") and the principles set forth therein may continue to influence the role of Indigenous engagement in the development of the oil and gas industry in Western Canada. In June 2021, the United Nations Declaration on the Rights of Indigenous Peoples Act (Canada) (" UNDRIP Act ") came into force in Canada. The UNDRIP Act requires the Government of Canada to take all measures necessary to ensure the laws of Canada are consistent with the principles of UNDRIP and to implement an action plan to address UNDRIP' s objectives. Adding further uncertainty, on June 29, 2021, the British Columbia Supreme Court issued a judgement in Yahey v British Columbia (the " Blueberry Decision "), in which it determined that the cumulative impacts of industrial development on the traditional territory of the Blueberry River First Nation (" BRFN ") in northeast British Columbia had breached BRFN' s treaty rights. The Blueberry Decision may lead to similar claims of cumulative effects across Canada in other areas covered by treaties. We face various risks associated with increased opposition to and activism against crude oil, natural gas and NGLs exploration and development activities. The oil and natural gas exploration, development and operating activities that we conduct may, at times, be subject to public opposition. Opposition against crude oil, natural gas and NGLs drilling and development activity has been growing globally. Companies in the crude oil, natural gas and NGLs industry are often the target of activist efforts from both individuals and non- governmental organizations regarding safety, human rights, climate change, environmental matters, sustainability and business practices. Anti-development activists are working to, among other things, delay or cancel certain operations such as offshore drilling and development. Such public opposition could expose us to higher costs, delays or even project cancellations, due to increased pressure on governments and regulators by special interest groups, including Indigenous groups, landowners, environmental interest groups (including those opposed to oil and natural gas production operations) and other non- governmental organizations, blockades, legal or regulatory actions or challenges, increased regulatory oversight, reduced support from the federal, provincial or municipal governments, reputational damage, delays in, challenges to or the revocation of regulatory approvals, permits and / or licenses, and direct legal challenges, including the possibility of climate- related litigation. There is no guarantee that we will be able to satisfy the concerns of the special interest groups and non- governmental organizations, and attempting to address such concerns may require us to incur significant and unanticipated capital and operating expenditures. Further, recent activism directed at shifting funding away from companies with energy- related assets could result in limitations or restrictions on certain sources of funding for the energy sector. Moreover, activist shareholders in our industry have introduced shareholder proposals that may seek to force companies to adopt aggressive emission reduction targets or to shift away from more carbon- intensive activities. While we cannot predict the outcomes of such proposals, they could ultimately make it more difficult for us to engage in exploration and production activities. ~~51Risks~~ -- **Risks** Relating to Legal and Regulatory Matters Our operations are subject to risks associated with climate change and potential regulatory programs meant to address climate change; these programs may impact or limit our business plans, result in significant expenditures or reduce demand for our product. Climate change continues to be the focus of political and societal attention. Numerous proposals have been made and are likely to be forthcoming on the international, national, regional, state and local levels to reduce the emissions of GHG emissions. These efforts have included or may include cap- and- trade programs, carbon taxes, GHG emissions reporting obligations and other regulatory programs that limit or require control of GHG emissions from certain sources. These programs may limit our ability to produce crude oil, natural gas and NGLs, limit our ability to explore in new areas, or may make it more expensive to produce. In addition, these programs may reduce demand for our product either by incentivizing or mandating the use of other alternative energy sources, by prohibiting the use of our product, by requiring equipment using our product to shift to alternative energy sources, or by directly increasing the cost of fossil fuels to consumers. Compliance with environmental and other government regulations could be costly and could negatively impact production. The laws and regulations of the U. S., Canada, Egypt, Equatorial Guinea and Gabon control our current business. These laws and regulations may require that we obtain permits for our development activities, limit or prohibit drilling activities in certain protected or sensitive areas or restrict the substances that can be released in connection with our operations. Our operations could result in liability for personal injuries, property damage, natural resource damages, crude oil spills, discharge of hazardous materials, remediation and clean- up costs and other environmental damages. Failure to comply with environmental laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties and the issuance of orders enjoining operations. In addition, we could be liable for environmental damages caused by, among others, previous property owners or operators of properties that we purchase or lease. Some environmental laws provide for joint and several strict liability for remediation of releases of hazardous substances, rendering a person liable for environmental damage without regard to negligence or fault on the part of such person. As a result, we may incur substantial liabilities to third parties or governmental entities and may be required to incur substantial remediation costs. We could also be affected by more stringent laws and regulations adopted in the future, including any related to climate change and GHG and the use of hydraulic fracturing fluids, resulting in increased operating costs. ~~These~~ **41These** laws and governmental regulations, which cover matters including drilling operations, taxation and environmental protection, may be changed from time to time in response to economic or political conditions and could have a significant impact on our operating costs, as well as the crude oil, natural gas and NGLs industry in general. While we believe that we are currently in compliance with environmental laws and regulations applicable to our operations, no assurances can be given that we will be able to continue to comply with such environmental laws and regulations without incurring substantial costs. We have been, and in the future may become, involved in legal proceedings with governmental bodies and private litigants, and, as a result, may incur substantial costs in connection with those proceedings. Our business subjects us to liability risks from litigation or government actions. We have been involved in legal proceedings from time to time ~~,~~ and may in the future be party to various lawsuits or governmental actions. There is risk that any matter in litigation could be decided unfavorably against us, which could have a material adverse effect on our financial condition, results of operations and cash flows. Litigation can be very costly, and the costs associated with defending litigation could also have a material adverse effect on our results of operation, net cash flows and financial condition. Adverse litigation decisions or rulings may also damage our business reputation. Often, our operations are conducted through joint ventures over which it may have limited influence and control. Private litigation or government proceedings brought against us could also result in significant delays in our operations. Our failure to comply with applicable laws could subject us to penalties and other adverse consequences. We are subject to a wide variety of laws relating to the environment, health and safety, taxes, employment, labor standards, money laundering, terrorist financing, and other matters in the jurisdictions in which they operate. Our failure to comply with any such legislation could result in severe criminal or civil sanctions and may subject us to other liabilities, including fines, prosecution and reputational damage, all of which could have a material adverse effect on our business, consolidated results of operations and consolidated financial condition. The compliance mechanisms and monitoring programs that we have adopted and implemented may not adequately prevent or detect possible violations of such applicable laws. Investigations by governmental authorities could also have a material adverse effect on our business, results of operations and financial condition. ~~52Risks~~ -- **Risks** Relating to the Facility Agreement A significant level of indebtedness incurred under the Facility may limit our ability to borrow additional funds or capitalize on acquisition or other business opportunities in the future. In addition, the covenants in the Facility impose restrictions that may limit our ability and the ability of our subsidiaries to take certain actions. Our failure to comply with these covenants could result in the acceleration of any future outstanding indebtedness under the Facility. The Facility Agreement governing our Facility with Glencore contains certain affirmative and negative covenants, including, among other things, as to compliance with laws (including environmental laws and anti-corruption laws), delivery of quarterly and annual financial statements and borrowing base certificates, conduct of business, maintenance of property, maintenance of insurance, entry into certain derivatives contracts, restrictions on the incurrence of liens, indebtedness, asset dispositions, restricted payments. **In addition, the Facility Agreement (i) requires us to maintain a ratio of Consolidated Total Net Debt to EBITDAX (as each term is defined in the Facility Agreement) for the trailing 12 months not exceeding 3. 0x; (ii) requires us to maintain consolidated cash and cash equivalents shall not lower than $ 10. 0 million; and (iii) restricts our ability to: dispose of assets, enter into guarantees or indemnities, enter into certain material contracts, merger or consolidate, or transfer all or substantially all of our assets and the assets of our subsidiaries, or pursue other corporate activities. We were in compliance with covenants under the Facility Agreement as of December 31, 2023.** Restrictions contained in the Facility governing any future indebtedness may reduce our ability to incur additional indebtedness, engage in certain transactions or capitalize on acquisition or other business opportunities. Any future indebtedness under the Facility and other financial obligations and restrictions could have financial consequences. For example, they could: ● impair our ability to obtain additional financing in the future for capital expenditures, potential acquisitions, general business activities or other purposes; ● increase our vulnerability to general adverse economic and industry conditions; ● require us to dedicate a substantial portion of future cash flow to payments of our indebtedness and other financial obligations, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate requirements; ● limit our flexibility in planning for, or reacting to, changes in our business and industry; and ● place us at a competitive disadvantage to those who have proportionately less debt. ~~Our~~ **In addition, our** ability to comply with ~~these~~ -- **the Facility Agreement' s** covenants could be affected by events beyond our control and we cannot assure you that we will satisfy those requirements. A prolonged period of oil and gas prices at declined levels could further increase the risk of our inability to comply with covenants to maintain specified financial ratios. A breach of any of these provisions could result in a default under the Facility, which could allow all amounts outstanding thereunder to be declared immediately due and payable. In the event of such acceleration, we cannot assure that we would be able to repay our debt or obtain new financing to refinance our debt. Even if new financing was made available to us, it may not be on terms acceptable to us. We may also be prevented from taking advantage of business opportunities that arise if we fail to meet certain ratios or because of the limitations imposed on us by the restrictive covenants under the Facility. ~~If we experience in the future a continued period of low commodity prices, our ability to comply with the Facility' s debt covenants may be impacted. Under the Facility Agreement, we are subject to certain debt covenants, including that (i) the ratio of Consolidated Total Net Debt to EBITDAX (as each term is defined in the Facility Agreement) for the trailing 12 months shall not exceed 3. 0x and (ii) consolidated cash and cash equivalents shall not be lower than $ 10. 0 million. We were in compliance with covenants under the Facility through December 31, 2022; however, commodity prices have been extremely volatile in recent history and a protracted future decline in commodity prices could cause us to not be in compliance with certain financial covenants under the Facility in future periods. A breach of the covenants under the Facility would cause a default, potentially resulting in acceleration of all amounts outstanding under the Facility. Certain payment defaults or acceleration under the Facility could cause a cross- default or cross- acceleration of other future outstanding indebtedness. Such a cross- default or cross- acceleration could have a wider impact on our liquidity than might otherwise arise from a default or acceleration of a single debt instrument. If an event of default occurs, or if other future debt agreements cross- default, and the lenders under the affected debt agreements accelerate the maturity of any loans or other debt outstanding, we may not have sufficient liquidity to repay all of our outstanding indebtedness. The~~ **42The** borrowing base under the Facility may be reduced pursuant to the terms of the Facility Agreement, which may limit our available funding for exploration and development. We may have difficulty obtaining additional credit, which could adversely affect our operations and financial position. In the future we may depend on the Facility for a portion of our capital needs. The initial maximum borrowing base under the Facility is $ 50. 0 million (which maximum ~~is~~ **was** reduced to $ 43. ~~75~~ **8** million beginning on October 1, 2023) and is re- determined on March 31 and September 30 of each year. Borrowings under the Facility are limited to a borrowing base amount calculated pursuant to the Facility Agreement based on our proved producing reserves and a portion of our proved undeveloped reserves. The lenders will re- determine the borrowing base based on forecasts of cash flow and debt service projections with respect to the borrowing base assets, which may result in a reduction of the borrowing base. ~~53In~~ **In** the future, we may not be able to access adequate funding under the Facility as a result of (i) a decrease in our borrowing base due to the outcome of a subsequent borrowing base redetermination, or (ii) an unwillingness or inability on the part of the Lenders to meet their funding obligations. As a result, we may be unable to obtain adequate funding under the Facility. If funding is not available when needed, or is available only on unfavorable terms, it could adversely affect our development plans as currently anticipated, which could have a material adverse effect on our production, revenues and results of operations. ~~Restrictive debt covenants could limit our growth and our ability to finance our operations, fund our capital needs, respond to changing conditions and engage in other business activities that may be in our best interests. The Facility Agreement contains a number of significant affirmative and negative covenants that, among other things, restrict our ability to: ● dispose of assets; ● enter into guarantees or indemnities; ● incur indebtedness; ● enter into certain material contracts; ● merge or consolidate, or transfer all or substantially all of our assets and the assets of our subsidiaries; or ● pursue other corporate activities. Also, the Facility Agreement requires us to maintain compliance with certain financial covenants. Our ability to comply with these financial covenants may be affected by events beyond our control, and, as a result, we may be unable to meet these financial covenants. These financial covenants could limit our ability to obtain future financings, make needed capital expenditures, withstand a future downturn in our business or the economy in general or otherwise conduct necessary corporate activities. We may also be prevented from taking advantage of business opportunities that arise because of the limitations imposed on us by the restrictive covenants under the Facility Agreement. A breach of any of these covenants or our inability to comply with the required financial covenants could result in an event of default under the Facility Agreement. When oil and / or natural gas prices decline for an extended period of time or when our liquidity is constrained, our ability to comply with these covenants becomes more difficult. Although we are currently in compliance with these covenants, if in the future oil and gas prices decline for an extended period of time, we may default on one or more of these covenants. Such a default, if not cured or waived, may allow the Lenders to accelerate the related indebtedness and could result in acceleration of any other indebtedness to which a cross- acceleration or cross- default provision applies. An event of default under the Facility Agreement would permit the Lenders to cancel all commitments to extend further credit under the Facility. Furthermore, if we were unable to repay the amounts due and payable under the Facility Agreement, the Lenders could proceed against the collateral granted to them to secure that indebtedness. In the event that the Lenders accelerate the repayment of our borrowings under the Facility, we and our subsidiaries may not have sufficient assets to repay that indebtedness. As a result of these restrictions, we may be: ● limited in how we conduct our business; ● unable to raise additional debt or equity financing during general economic, business or industry downturns; or ● unable to compete effectively or to take advantage of new business opportunities.~~ Risks Relating to Ownership of Our Common Stock The price of our Common Stock may fluctuate significantly. Our common stock currently trades on the NYSE and the LSE, but an active trading market for our common stock may not be sustained. The market price of our common stock could fluctuate significantly as a result of: • dilutive issuances of our common stock; • announcements relating to our business or the business of our competitors; • changes in expectations as to our future financial performance or changes in financial estimates of public market analysis; • actual or anticipated quarterly variations in our operating results; • conditions generally affecting the crude oil, natural gas and NGLs industry; • the success of our operating strategy; and • the operating and stock price performance of other comparable companies. ~~54Many~~ -- **Many** of these factors are beyond our control, and we cannot predict their potential effects on the price of our common stock. In addition, the stock markets can experience considerable price and volume fluctuations. Recent volatility in the financial markets has resulted in significant price and volume fluctuations that have affected the market prices of equity securities without regard to a company' s operating performance, underlying asset values or prospects. Accordingly, the market price of our common stock may decline even if our operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values, which may result in impairment losses. There is no assurance that fluctuations in the price and volume of publicly traded equity securities will not occur. If such increased levels of volatility and market turmoil continue, our operations could be adversely impacted, and the trading price of our common stock may be adversely affected. We currently intend to pay dividends on, and effect share buybacks, with respect to our common stock; however, our ability to take these actions in the future may be limited and no assurance can be given that we will be able to pay dividends to our stockholders or effect share buybacks in the future at indicated levels or at all. On February 14, 2023, we announced that our board of directors adopted a quarterly cash dividend policy of an expected $ 0. 0625 per share of common stock commencing in the first quarter of 2023. On November 1, 2022, ~~we~~ **the Company** announced **that** the ~~approval by our~~ **Company' s** board of directors ~~of the~~ **formally ratified and approved a** share buyback program **. The board of directors also directed management to implement a Rule 10b5- 1 trading plan (the " 10b5- 1 Plan ") to facilitate share purchases through open market purchases** , ~~which~~ **privately negotiated transactions, or otherwise in compliance with Rule 10b- 18 under the Securities Exchange Act of 1934. The 10b5- 1 Plan** provides for an aggregate purchase of currently outstanding common stock up to $ 30 million over **a maximum period of** 20 months. **Payment for shares repurchased under** ~~We also announced that we entered into~~ the ~~10b5- 1 Plan in order to effectuate,~~ share ~~buybacks~~ - **buyback program will be funded using the Company' s cash** ~~in an aggregate amount of up to $ 30 million which commenced~~ on ~~November 17, 2022, and~~ **hand and cash flow from operations** ~~ends no later than August 16, 2024~~ . To the extent we have adequate cash on hand and cash flows from operations, we will consider continuing to take these actions in the future. Payment of future dividends and effectuation of share buybacks, if any, and the establishment of future record and payment dates will be at the discretion of our board of directors after taking into account various factors, including current financial condition, the tax impact of repatriating cash, operating results and current and anticipated cash needs. As a result, no assurance can be given that we will be able to continue to pay dividends to our stockholders or the terms on which we will effectuate share buybacks in the future or that the level of any future dividends will achieve a market yield or increase or even be maintained over time, any of which could materially and adversely affect the market price of our common stock. Dual- listing on the NYSE and the LSE may lead to an inefficient market in our common stock. Our common stock is quoted on the NYSE and the LSE. Consequently, the trading in and liquidity of our common stock are split between these two exchanges. The price of our common stock may fluctuate and may at any time be different on the NYSE and the LSE. Dual- listing of our common stock will result in differences in liquidity, settlement and clearing systems, trading currencies, and prices and transaction costs between the exchanges where our common stock will be quoted. These and other factors may hinder the transferability of our common stock between the two exchanges. ~~Investors~~ **43Investors** could seek to sell or buy our common stock to take advantage of any price differences between the two markets through a practice referred to as arbitrage. Any arbitrage activity could create unexpected volatility in both common stock prices on either exchange and in the volumes of our common stock available for trading on either market. This could adversely affect the trading of our common stock on these exchanges and increase their price volatility and / or adversely affect the price and liquidity of the shares of common stock on these exchanges. In addition, holders of our common stock in either jurisdiction will not be immediately able to transfer such shares for trading on the other market without effecting necessary procedures with our transfer agents / registrars. This could result in time delays and additional cost for stockholders. Our common stock is quoted and traded in USD on the NYSE and traded in GBX on the LSE. The market price of our common stock on those exchanges may also differ due to exchange rate fluctuations. Substantial future sales of our common stock, or the perception that such sales might occur, or additional offerings of our common stock could depress the market price of our common stock. We cannot predict what effect, if any, future sales of our common stock, or the availability of our common stock for future sale, or the offer of additional our common stock in the future, will have on the market price of our common stock. Sales or an additional offering of substantial numbers of our common stock in the public market, or the perception or any announcement that such sales or an additional offering could occur, could adversely affect the market price of our common stock and may make it more difficult for stockholders to sell their common stock at a time and price that they deem appropriate and could also impede our ability to raise capital through the issuance of equity securities **.** ~~55Any~~ -- **Any** issuance of preferred shares will rank in priority to our shares of common stock. While we do not currently have any preferred shares outstanding, under our certificate of incorporation, we are authorized to issue up to 500, 000 preferred shares. Any issuance of preferred shares would rank in priority to our shares of common stock with respect to the payment of dividends, liquidation, and other matters **.** Our certificate of incorporation and bylaws do not contain any rights of pre- emption in favor of existing stockholders, which means that stockholders may be diluted if additional shares of common stock are issued. Our stockholders do not have pre- emptive rights and we, without stockholder consent, may issue additional shares of common stock, preferred shares, warrants, rights, units and debt securities for general corporate purposes, including, but not limited to, working capital, capital expenditures, investments, acquisitions and repayment or refinancing of borrowings. We actively seek to expand our business through complementary or strategic acquisitions and may issue additional shares of common stock in connection with those acquisitions. We also issue shares of our common stock to our executive officers, employees and independent directors as part of their compensation. This may have the effect of diluting the interests of existing stockholders. Additionally, to the extent that pre- emptive rights are granted, stockholders in certain jurisdictions may experience difficulties or may be unable to exercise their pre- emptive rights. The choice of forum provisions in our Third Amended and Restated Bylaws (the " Bylaws ") could limit our stockholders' ability to obtain a favorable judicial forum for disputes. Our Bylaws provide that the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) shall be the sole and exclusive forum for (i) any derivative action or proceeding brought in the name or right of the Company or on its behalf, (ii) any action asserting a claim for breach of a fiduciary duty owed by any director, officer, employee, stockholder or other agent of the Company to the Company or the stockholders, (iii) any action arising or asserting a claim arising pursuant to any provision of the General Corporation Law of Delaware (the “ DGCL ”) or any provision of our Restated Certificate of Incorporation, as amended (the “ Charter ”), or the Bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware or (iv) any action asserting a claim governed by the internal affairs doctrine, including, without limitation, any action to interpret, apply, enforce or determine the validity of the Charter or the Bylaws. Nonetheless, pursuant to our Bylaws, the foregoing provisions will not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Our Bylaws further provide that unless we consent in writing to the selection of an alternative forum, the federal district courts of the U. S. shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Under the Securities Act, federal and state courts have concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act, and stockholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce such a forum selection provision as written in connection with claims arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and have consented to the provisions in the Bylaws related to choice of forum. The choice of forum provisions in our Bylaws may limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us. Additionally, the enforceability of choice of forum provisions in other companies’ governing documents has been challenged in legal proceedings, and it is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in our Bylaws to be inapplicable or unenforceable in such action. If so, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations, and financial condition.