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BRR: Welcome to BRR Media. Today I am joined by Randy Neely, the Chief Executive Officer of TransGlobe Energy. Randy it's great to have you with us.

RN: Thanks for having me, Rosie.

BRR: So, Randy, talk us through the strategic rationale for the transaction with VAALCO.

RN: Well, in a nutshell the combination of two companies creates a preimminent Africa focused E&P business which should increase investor interest. This will support sustainable shareholder returns and growth. Combined, we have a more material reserve and production base, with a higher quality inventory of growth options. By combining we hope to drive accelerated shareholder value creation and realization.

We believe we can achieve this because the businesses, specifically the asset portfolios, are complimentary and diversify and strengthen the joint company. The asset base will span Gabon, Egypt, Equatorial Guinea and Canada, and the spreading of the production and reserves across these geographies will make the combined cash flow generation more consistent and more robust. Particularly when oil prices are lower, and we all know they never stay high.

And last but not least, the balance sheet will be best in class. Neither company has any net debt now and the intent is to continue with the conservative balance sheet.

BRR: And Randy, what are the value reasons behind the transaction?

RN: Well, this financial strength which I just mentioned, the diversity of the assets and the robustness of the cash flows leaves the combined company in a stronger position to enable consistent shareholder returns through the commodity cycle, much more so than either company would be able to do on a standalone basis.

Combined the company will target a base dividend of $28 million, and when the oil price is higher, like they have been this past year, this will be complimented with additional returns and buy backs. To that end, the Board of VAALCO recently announced they are committing to a share buyback program of up to $30 million on the completion of the combination. Now, should oil prices fall, which is a likely event at some point in the future, the strength and diversity of the businesses will protect the base dividend.

In addition, the larger scale and strong trading liquidity will enhance the investment proposition for investors, which should improve the combined company's trading multiples and ultimately result in a higher share price.

BRR: So finally, tell us a bit more about VAALCO. Why did you choose them and why are they a good partner for the future?

RN: Well, the first thing to mention is that George Maxwell, the CEO, and Ron Bain, the CFO, have a very strong record of managing E&P businesses and increasing shareholder value. They ran Eland Oil & Gas for many years before selling it to Seplat at a substantial gain to the shareholders and they've now been involved with VAALCO for approximately 2 years where the share price has increased about 400% and recently this year they initiated a dividend for the first time in VAALCO's history.

The second point is VAALCO's asset base which is very high quality, high margin, with a long history of reserve growth and plenty of organic growth options still available. We at TransGlobe here, have been familiar with VAALCO's assets for many years and we've coveted these assets.

And last, I believe the geographies complement each other. The combination really does create a world class Africa focused E&P business which supports shareholder returns and sustainable growth. And as a team here at TransGlobe we are very excited by the future potential of the combined company.

BRR: Well Randy, thank you very much, great to speak to you this morning.

RN: Thank you Rosie for having me.