TransGlobe Energy CORPORATION

STONEGATE CAPITAL PARTNERS

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MARKET STATISTICS

Exchange / Symbol	NASDAQ: TGA
Price:	$2.64
Market Cap (mm):	$191.5
Enterprise Value (mm):	$145.2
Shares Outstanding (mm):	72.5
Float:	86.5%
Volume (3-mo. avg. NASDAQ):	297,507
52-week Range:	$0.49 - $3.59
Industry:	Oil and Gas E&P

CONDENSED BALANCE SHEET

($mm, except per share data)

Balance Sheet Date:	09/30/2021
Total Cash & Equivalents:	$54.0
Working Capital	$17.7
Total Debt	$7.7
Equity (Book Value):	$172.2
Equity/Share:	$2.37

CONDENSED INCOME STATEMENTS

($mm, except per share data)

FY - 12/31	Revenue	Net Inc	EBITDA	EPS
FY18	$176.8	$15.7	$95.7	$0.22
FY19	$140.6	$(4.0)	$69.2	$(0.06)
FY20	$115.4	$(77.4)	$43.5	$(1.07)
FY21E	$167.8	$43.2	$59.8	$0.59

LARGEST SHAREHOLDERS

Invesco, Ltd	6,343,688
Fondren Management	3,715,000
Bradley Radoff	3,590,000
Renaissance Technologies Corp	3,343,156
FMR LLC	2,355,629
Ross Clarkson	1,850,493
Acadian Asset Management	832,715
Dimensional Fund Advisors	659,000
PEH Wertpapier	302,645
Randy Neely	250,000

STOCK CHART

COMPANY DESCRIPTION

TransGlobe Energy Corporation ("Company") ("TGA") is an independent oil and gas exploration and production company, with current operations in Alberta, Canada, and the Arab Republic of Egypt. The Company has operated in Egypt since 2004 and holds interests in production sharing concessions in the Eastern Desert and the Western Desert regions. TransGlobe operated in Canada from 1999 to 2008 and re-entered Canada in December 2016. The Company's Canadian holdings include production and working interests in Cardium light oil and Mannville liquid-rich gas assets in the Harmattan area, located in west central Alberta. TransGlobe Energy is headquartered in Calgary, Alberta.

SUMMARY

- **Well positioned operator -** TransGlobe is an international oil and gas player with over 20 years of experience across diverse geological basins in several countries with a variety of fiscal regimes. With a focus on capital discipline while building a profitable, growth oriented international portfolio, TransGlobe is well positioned to navigate future market volatility.
- **With established production** – TransGlobe's average production in F20 was 13.5 Mboepd compared to 16.0 Mboepd in F19. Production declined due to deferred well interventions in Egypt during low oil prices, the curtailed 2020 capital program, and natrual declines. F21 production is expected to range between 12.0 and 13.0 Mboepd.
- **And a solid reserve base** – Based on a March 2021 GLJ Petroleum Consultants evaluation, the Company reported 22.8 MMboe total proved (1P) reserves as well as 38.9 MMboe total proved + probable (2P) reserves. The Company has focused on maintaining reserves through exploration success and effective resource maturation.
- **Unique position in Egypt** – TGA has operated in Egypt for 15 years and is considered a best-in-class operator. The Company has a strong relationship with the Egyptian Government and in December 2020, it finalized negotiations to amend, extend and consolidate three concessions (located in Eastern Desert) into a single new concession. Importantly, the consolidation provides a platform for TGA to grow its Egyptian business across all oil prices.
- **Poised for long-term growth in Egypt** – The Company's growth profile should improve post concession agreement, as the field life extends from a near-term expiry to 2040, updated fiscal terms and extension will allow TGA to target an additional 59 MMbbl of contingent resources, and improved netbacks is expected to drive improved cash flows greater than 100% at benchmark crude oil prices of $60.00/bbl. The Company is also targeting inorganic growth opportunities through acquisitions.
- **Additional upside in Canada –** In 2020, TGA drilled a development well in South Harmattan before the price of oil significantly declined. Well completion was deferred until Q1 2021. TGA drilled three South Harmattan horizontal wells in 2021 and all three wells were brought into production by October 2021. Furthermore, the 2019 outpost well derisked up to 72 additional horizontal well locations. As such, TGA believes in the medium-term, it will see production growth at South Harmattan to create value to shareholders.
- **Valuation** – Given the different geographic locations of TransGlobe's operating assets, we are using a sum-of-the-parts analysis. Based on our analysis, we arrive at a combined valuation range of $4.50 to $7.00, with a midpoint of $5.75. See page 9 and 10 for details.

BUSINESS OVERVIEW

TransGlobe Energy Corporation engages in the acquisition, exploration, development and production of crude oil and natural gas in Egypt and Canada. The Company has operated in Egypt since 2004 and holds interests in production sharing concessions in the Eastern Desert and the Western Desert regions. TransGlobe operated in Canada from 1999 to 2008 and re-entered Canada in December 2016. The Company's Canadian holdings include production and working interests in Cardium light oil and Mannville liquid-rich gas assets in the Harmattan area, located in west central Alberta.

Most recently reported reserves for TransGlobe as of year-end FY20 are 38.9 MMboe of 2P reserves. The Company has focused on maintaining reserves through exploration success and effective resource maturation.

Exhibit 1: TransGlobe Reserves

2020 Reserves Summary	PDP	1P	2P	3P
2019 Year End Reserves (MMboe)	18.5	25.4	45.3	63.3
2020 Adds/Revisions (MMboe)	1.7	2.3	-1.5	-2.5
2020 Production (MMboe)	-4.9			
2020 Year End Reserves (MMboe)	**15.3**	**22.8**	**38.9**	**55.9**
NPV 10% Before tax $MM Dec 31/20	**100**	**134**	**205**	**265**
NPV 10% After tax $MM Dec 31/20	**100**	**134**	**198**	**254**

Source: Company Reports

TransGlobe's initial entry into Egypt focused on brownfield redevelopment, whereby TGA was able to increase the production of legacy assets. In recent years, under Egyptian President el-Sisi, Egypt has emphasized the importance of foreign investment, and with Egypt's cooperation, TransGlobe began directly marketing Eastern Desert entitlement crude oil to international buyers in 2015. The Company completed its first direct sale of Egyptian crude oil to a third-party buyer in Q115.

In February 2017, TransGlobe's subsidiary, TransGlobe Petroleum International, Inc. (TPI) completed a $75M crude oil prepayment agreement with Swiss-based Mercuria Energy Trading SA. This is an important strategic relationship that management hopes to broaden over time. In conjunction with the agreement, TPI entered into a marketing contract with Mercuria to market nine million barrels of TPI's entitlement production, with pricing based on indexed market prices at the time of sale, which incentivizes Mercuria to deliver the best pricing. The initial advance was used to refinance the 6.0% convertible debentures that matured in March 2017, with subsequent funds used for working capital purposes.

RECENT RESULTS

TransGlobe announced Q321 financial and operating results on November 3, 2021. The Company produced an average of 13,342 boe/d. Egyptian production was 11,276 bbls/d and Canadian production was 2,066 boe/d. Production for Q321 was slightly above F21 guidance of 12,000 to 13,000 boe/d and 2% higher than the previous quarter. The Company attributed the increase due to well optimization activities and new drilling in Egypt, partially offset by natural decline rates while awaiting production from new drilling in Canada.

TransGlobe's received an average price of $64.73/barrel in Egypt during Q321. In Canada, the Company received an average of $65.43/barrel of oil, $35.40/barrel of NGLs and $2.71/Mcf of natural gas during Q321.

Funds flow from operations was $12.4M for Q321 and the Company ended the quarter with positive working capital of $17.7M, including cash and equivalents of $54.0M. The Company had net earnings in Q321 of $37.1M, inclusive of a $1.3M unrealized derivative gain on commodity contracts, which represent a fair value adjustment on hedging contracts.

In Egypt, the Company sold 307.5 Mbbls of entitlement crude oil to EGPC and sold one cargo lifting of 499.6 Mbbls of entitlement crude oil to 3rd party buyers. The cargo resulted in an overlift of 221.7 Mbbls by TransGlobe. The overlift portion is expected to be settled as the Company delivers the equivalent future production from West Gharib to EGPC. All Canadian production was sold during the quarter.

In Egypt, the Company drilled two development oil wells in the Eastern Desert at West Bakr. The K-62 development well was drilled to a total depth of 1,473 meters and encountered oil-bearing sands in the Asl-A formation. The second well in West Bakr, K-65 was drilled to a total depth of 1,730 meters, and encountered oil-bearing sands in the Asl-A, Asl-B, Asl-C, Asl-D, and Asl-E formations. TransGlobe also drilled one additional well in the Eastern Desert at North West Gharib. The NWG-3B-2 was drilled to a total depth of 1,627 meters to assess Red Bed potential in the northern area of TransGlobe's development leases. The well encountered wet Red Bed sands. These results are under evaluation to identify any up-dip sidetrack potential.

In Canada, the Company successfully drilled, completed, and equipped one 2-mile and two 1-mile horizontal wells in the northern area of the Cardium reservoir extension at South Harmattan, first identified by the 2-20 well in 2019. The 2-mile well started production at the end of Q321, while the other two wells started production in October. All three wells initially flowed without the assistance of pumps. At the end of October, as anticipated, two wells ceased flowing naturally and are now equipped with pumps. The third well continues to flow naturally and will be equipped with a pump when the unassisted flow ceases. Initial production rates (IP30 and IP60) will be made available once sufficient data is acquired.

With improved oil prices and spare capacity available in the South Ghazalat early production facility, the Company decided to accelerate drilling of an exploration well. After Q321 end, the Company dilled the exploration well on the SGZ-7B prospect at South Ghazalat in the Western Desert, Egypt. The SGZ-7B well was drilled to a total depth of 5,240 feet MD and encountered gas-bearing sands in the Upper Bahariya formation and oil-bearing sands in the Lower Bahariya formation. The well has been cased for further testing and evaluation. Importantly, the well fulfills the Company's commitment to EGPC as part of the South Ghazalat development lease.

GROWTH STRATEGY

TransGlobe Energy is focused on cash flow and building value over the longer term. The 2021 capital budget had been set at roughly $27.2M, before capitalized G&A at the beginning of FY21. However, due to new drills, accelerated spending on its water management system, and cost increases incurred in the Canadian drilling and development program, and extra $5.8M was added to the capital budget. The 2021 plan is focused on value accretive projects within TransGlobe's portfolio. It is also focused on maximizing free cash flows to direct at future value growth opportunities, and to increase the Company's production base.

With the approval of the agreement to merge the Eastern Desert concession and recent commodity price improvements, the Company is restarting its investment in Egypt. 14 new wells are scheduled in 2021. Dependent on rig efficiencies, the Company expects to drill 2 additional wells as part of the listed drilling in Exhibit 2.

Exhibit 2: Egypt 2021 Forecasted Capital

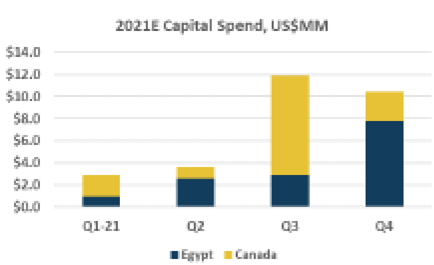
2021 Capital Breakdown (US$MM)

Concession	TransGlobe Net Capital (US$MM)				Gross Well Count		
	Development		Exploration	Total	New Drills		Total
	Wells	Other	Wells	Capex	Dev	Expl	Wells
West Gharib	0.8	1.0		1.8			2
West Bakr	8.3	1.1		9.4	9		10
NW Gharib	0.6			0.6	1		1
South Ghazalat		0.4	1.3	1.7		1	1
Egypt Total	**9.7**	**2.5**	**1.3**	**13.5**	**10**	**1**	**11**

Source: Company Reports

The Company's Canada program consists of 3 horizontal wells and completing one standing well, all targeting the Cardium light oil resource at Harmattan with additional maintenance and development capital. Stimulation of the one 2-mile horizontal well drilled, but not completed, in South Harmattan in F20 is included in the Canadian capital budget.

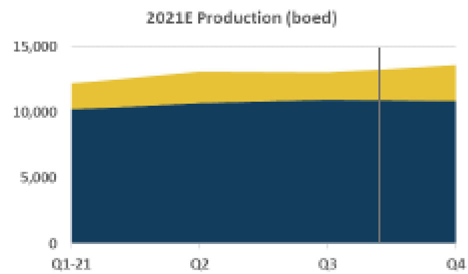
Exhibit 3: Planned Capital Expenditures



Source: Company Reports

The Company's current full year F21 production guidance is 12.0 to 13.0 Mboe/d with a 93% weighting to oil and liquids.

Exhibit 4: TransGlobe Production Update



Source: Company Reports

EGYPTIAN PORTFOLIO

The Company has operated in Egypt for 15 years and is considered a best-in-class operator. TransGlobe reported year-end 2020 gross 2P reserves of 24.2 MMbbl. The Company has two areas of focus in Egypt: (1) the Eastern Desert and (2) the Western Desert.

Exhibit 5: TransGlobe's Egyptian Assets

Source: Company Reports

THE EASTERN DESERT

TransGlobe has three operated concessions in the Eastern Desert: West Gharib, West Bakr, and North West Gharib. Importantly, in December 2020, TransGlobe finalized negotiations with the EGPC to amend, extend and consolidate the three Eastern concession agreements into one. The Company has worked on this negotiation since mid-2018 and believes it has struck a win-win merged concession agreement with improved terms. Key items from the announcement include:

- Modernized financial terms to allow increased investment at various commodity prices.
- Netback is expected to increase by $12/bbl at $70/bbl Brent crude price, respectively.
- Extended terms bring the field life to 2040, up from near-term expiry.
- Changes to the fiscal terms and the extension will allow TransGlobe to target an additional 59.1 MMbbl of contingent resources.
- Importantly, these new terms have an effective date of February 1, 2020, implying that the Company is already benefiting from the improved terms.
- Upon ratification (Q4 2021), TransGlobe to make a $15M equalization payment plus a $1M bonus payment. Five additional payments of $10M will be made annually, beginning in 2022.

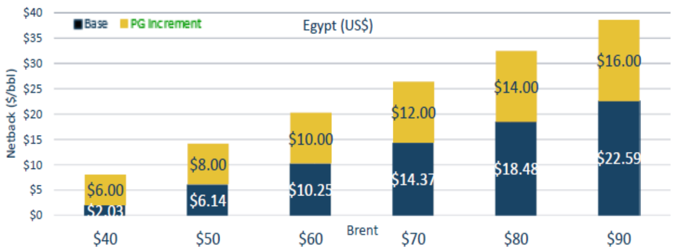
Exhibit 6: TransGlobe's Eastern Desert Merged Concession

	Current Eastern Desert Concessions			Merged Concession
	West Gharib	West Bakr	NW Gharib	PetroGlobe
2021E Production	2.9 MBopd	6.8 MBopd	0.5 Mbopd	10.2 MBopd
Profit Oil	30%	15%	15%	~30%[1]
PSC Expiry	2026 + 5Yr Ext	2025	2037 + 5 Yr Ext	2035 + 5Yr Ext
Cost Recovery Oil	30%	30%	25%	40%
Excess Cost Oil	30%	0%	5%	15%

Source: Company Reports

The improved fiscal terms outlined above greatly increases the netbacks and hence cash flows for the Company at differing oil prices.

Exhibit 7: Netback Improvements



Source: Company Reports

As seen in Exhibit 8, looking at the $70 oil price, using the $12/bbl mid-point of the netback improvement, and annual production guidance of 10,100 bbl/d, TransGlobe realizes an incremental improvement to its cash flow of ~$44.2M/year. Importantly, upon ratification, the new agreement is effective as of February 1, 2020. As such, the incremental improvement in cash flows should fund the equalization payment of $15M plus the $1M bonus payment.

Exhibit 8: Netback Improvements & Cash Flow Impact

Netback Improvement		
Benchmark crude oil price ($/bbl)	60.00	70.00
Netback increase - low ($/bbl)	9.00	11.00
Netback increase - high ($/bbl)	11.00	13.00

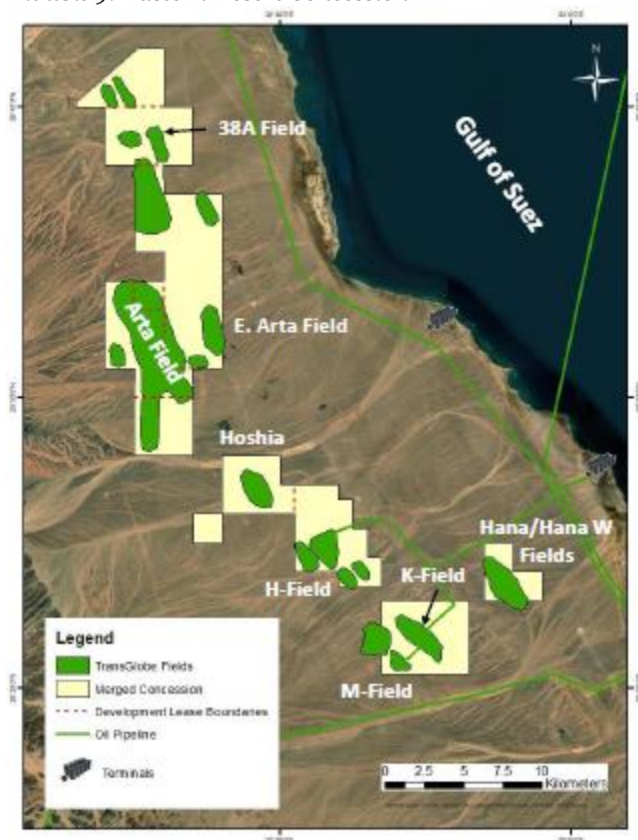
Annualized Cash Flow Impact		
Benchmark crude oil price ($/bbl)	60.00	70.00
Eastern Desert Production (bbl/d)	10,100	10,100
Annualized Easter Desert Production (mmbbl)	3.7	3.7
Netback improvement ($/bbl)	10.00	12.00
Annualized cash flow impact ($mm)	36.9	44.2

Source: Company Reports

The Company is also required to a minimum financial work commitment of $50M per each 5-year period, or $10M per year. Any investments which exceed the 5-year, $50M minimum, will carry forward to the next 5-year period and offset those future commitments. We note TransGlobe's average annual capex in Egypt over the past 5 years has been greater than $30M annually. As a result of the new agreement, TransGlobe's minimum required capex spend is significantly less than it has been historically, and the Company should be able to fund these investments from the incremental cash flow from the improved terms.

Management believes it has gained valuable efficiencies from this consolidation. Along with the improved netbacks mentioned above, and the extended term, TransGlobe now has the financial incentives and time to unlock meaningful additional reserves and increase production using modern technology and optimization of its infrastructure.

Exhibit 9: Eastern Desert Concession



Source: Company Reports

The Eastern Desert is comprised of 10 development leases. Prior to the amend, extend, and consolidate agreement, there were several development leases approaching their primary terms in the next few years. However, with the modernized fiscal terms mentioned above, TransGlobe can increase investment to recover additional oil volumes given the current Brent oil price environment of greater than $70/bbl.

New investable projects will target a Company Gross risked best estimate of an incremental 59.1MMbbls of contingent resources through drilling, increased operating efficiencies, and the application of new technologies over the 20-year term (15 yr. primary plus a 5-year option period).

Exhibit 10: Incremental Resource Recovery Potential

Project Maturity Sub-Class	Best Estimate Risked Contingent Resources[1]	
	Crude Oil	
	Gross (MMbbl)	Net (MMbbl)
Development Pending/ On Hold	20.5	13.4
Development Unclarified	38.6	22.8
Total Economic Contingent Resources	59.1	36.2
Development Not Viable	2.1	1.3

Source: Company Reports

As seen in Exhibit 10, TransGlobe has technically matured a risked best estimate incremental 20.5MMbbls from the Arta Nukhul, K-Field, and H-Field pools based on their respective dynamic modeling, the merged concession terms, and an estimated ~$125M future capital investment. The Company will prioritize the Arta Nukhul, H-Field, and K-Field pools' resource projects and will start as soon as reasonably possible.

There are additional incremental projects also identified for maturation in the K-Field/ H-Field via enhanced recovery; and Nukuhl / Thebes via development and enhanced recovery that is targeting ~ 38.6 MMbbls of contingent resources.

THE WESTERN DESERT

TransGlobe currently operates in the Western Desert in the South Ghazalat concession.

South Ghazalat

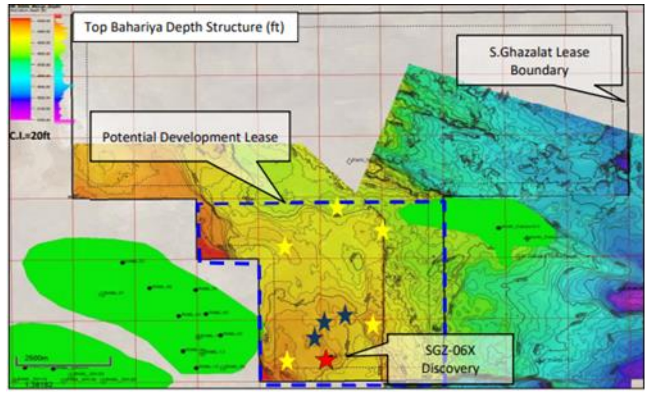
In November 2013, TransGlobe acquired a 100% working interest in the South Ghazalat concession. The 349,302-acre South Ghazalat PSC is in the prolific Abu Gharadig basin. At South Ghazalat the Company committed to a work program of $8M in the first phase, which has been met, and consisted of 400 square kilometers of 3-D seismic and two wells.

During Q418, the Company drilled and cased prospect SGZ-6X in the eastern portion of the concession to a depth of 5,195 feet. Based on positive testing results, the Company filed a declaration of a Commercial Discovery with EGPC (as well as an initial development plan in February 2019).

The Company completed the SGZ-6X discovery well in Q319 as an oil producer in the upper Bahariya formation. The well was brought on stream on December 24, 2019, at field estimated initial rate 800- 1,000 bopd light and medium crude. The SGZ-6X well was recompleted to test the lower Bahariya zone in March 2021. The well commenced test production at a field-estimated production rate of 3,600 bopd.

The Company installed an Early Production Facility (EPF) from which oil will be transported to the South Dabaa receiving facility and onward to market via existing pipeline infrastructure.

Exhibit 11: South Ghazalat



Source: Company Reports

CANADIAN PORTFOLIO

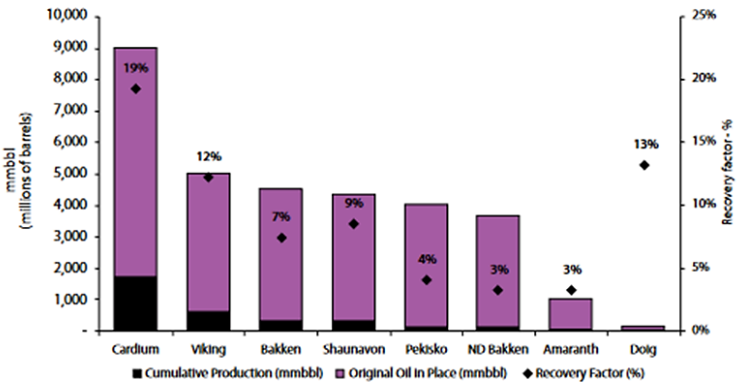
At the end of December 2016, the Company re-entered Canada, acquiring production and high working interest assets (88% of current Canadian production) in the Harmattan area of west central Alberta, an area with proven, low-risk Cardium light oil and Mannville liquids-rich gas. The Canadian portfolio is located just 40 minutes from the Company's headquarters in Calgary. Most recently the Company reported year end 2020 2P reserves of 14.7 MMboe for the Canadian asset.

The Cardium formation in central Alberta currently has over 10,000 producing wells (3,900 of which are horizontal wells). The royalty and tax structure and the low operating costs make this area especially attractive in the current pricing environment. The Cardium property that TransGlobe purchased contains 39 horizontal wells drilled in 2012 and 2013 using an older technology with average frac density of 18 fracs per linear mile. TransGlobe is using a 40-stage frac program on these new wells, which they expect will provide a substantially higher recovery rate. The property also contains 100% interest in a central oil battery and flow lines with under-utilized capacity. The other play in the acquisition, the Ellerslie/Viking sands, is a deeper gas play that the Company may drill as gas prices improve.

Importantly, the acquired assets provide a stable production base, with a low decline rate and access to surplus infrastructure that will accommodate production growth. The acquisition provided 149 gross potential drilling locations and the opportunity to materially increase reserves and production using horizontal drilling and multi-stage frac technology. TransGlobe management has stated the Company will be seeking additional synergistic opportunities in Canada that can be tucked into its existing infrastructure, for example, the Company purchased an additional 9.920 acres of Cardium rights in the Harmattan area in 2018, which increased the Cardium drilling location inventory by up to 30 locations (success dependent).

Industry reports often cite original oil in place (OOIP) for regions with proven or potential oil and gas potential. Simply put, the OOIP is the amount of oil trapped in underground reservoirs. Exhibit 13 illustrates the potential for additional recovery from existing fields in western Canada if new technologies are applied. The graph illustrates the amount of oil recovered to date compared with the estimated OOIP. The percentage value indicates the amount of oil that has been recovered from the reservoir to date. Using horizontal drilling and multi-stage hydraulic fracturing, the industry is successfully extracting significant oil from older reservoirs.

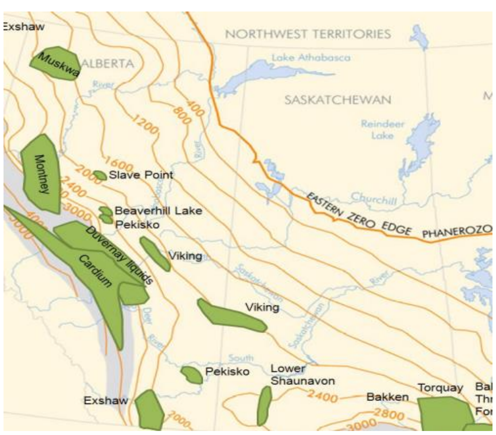
Exhibit 12: The Cardium in Canada Is a Tight Oil Play



Source: Canadian Society for Unconventional Resources

The Cardium formation in western Canada is known as a tight oil play. Tight oil is conventional oil that is often found in regions where reservoir properties inhibit production using conventional drilling. Typically, horizontal drilling combined with multi-stage fracturing is used to access these difficult to produce reservoirs. Tight oil is high quality and requires very little refinement, and existing surface infrastructure can often be utilized, reducing capital investment.

Exhibit 13: Tight Oil Developments in the Western Canada Sedimentary Basin



Source: Canadian National Energy Board

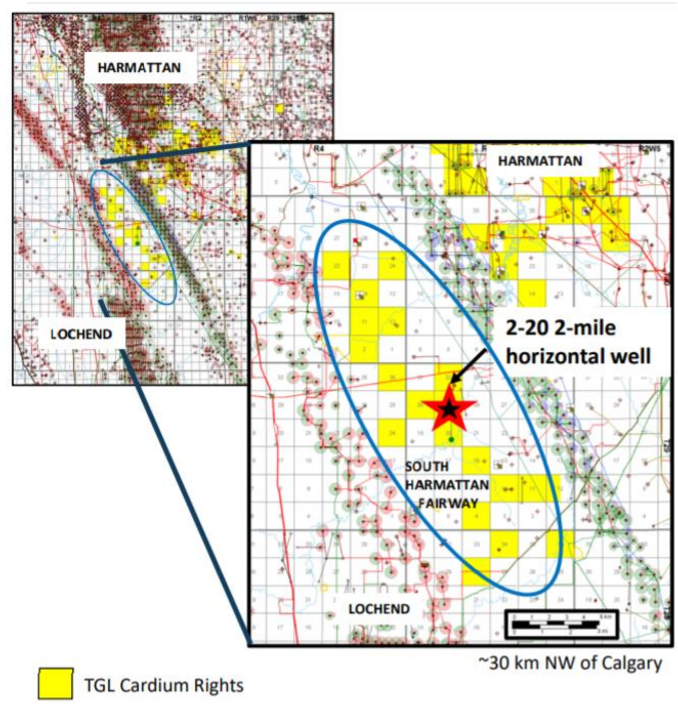
Extensive oil and gas resources are known to be present in these reservoirs; however, these resources typically will not flow to the wellbore at economic rates without using advanced drilling techniques. Many of the larger IOCs, such as Apache (NYSE: APA), have taken the easily assessed, low-hanging fruit in its fields, and are selling these assets in the Cardium to smaller companies. For example, Apache sold its Cardium assets producing 5,000 Boepd to Cardinal Energy, Ltd. (TSX: CJ) in 2017.

The Cardium drilling program initially began Q317, with the Company drilling and completing three horizontal wells. In 2018, the Company drilled and cased five one-mile horizontal wells and one two-mile horizontal well from a common pad to reduce costs and improve efficiencies. Following frac stimulation, the six wells were placed into production early 2019 in a systematic manner to maximize ultimate recoveries.

Additionally, the Company completed construction of a 2.7-kilometer pipeline to connect the wells to the central production facility. In 2019, The Company drilled four horizontal Cardium oil wells in the Harmattan area and stimulated, equipped, and tied these four wells.

In 2020, total production was 2.4 Mboe/d. For 2021, the Company is expecting to complete 1 well drilled in 2020 and drill and complete one Cardium 2-mile, two 1-mile horizontal wells in South Harmattan.

Exhibit 14: Canadian Assets



Source: Company Reports

In the medium term, the Company is looking to continue to extend the Cardium by targeting production growth at South Hartman, production maintenance at Harmattan proper, and unlock Ellerslie Hz potential.

RISKS

Environmental and government regulation – Federal, state, and international laws and regulations relating to the release of materials into the environment and the disposal of wastes from oil and gas activities may affect the Company's business and increase costs.

Price volatility – Prices for crude oil sales have historically been unpredictable and volatile, and that volatility is expected to continue.

Political and economic instability – The country of Egypt experienced instability following the Arab Spring movement. TransGlobe's business may be adversely affected by changes in political and economic conditions in Egypt.

Reserve estimates – Reserve estimates in the oil industry, particularly for new discoveries, are inherently imprecise. Inaccuracies in assumptions could affect the ultimate recovery of hydrocarbons and may result in the economic value of the reserves being understated or overstated.

INCOME STATEMENT

TransGlobe Energy Corp. (NASDAQ: TGA)
Consolidated Statements of Income (in millions US$, except per share amounts)
Fiscal Year: December

	FY 2018	FY 2019	FY 2020	FY 2021E
Revenues				
Petroleum and natural gas sales, net of royalties	$ 176.2	$ 140.1	$ 114.7	$ 167.7
Finance revenue	0.6	0.5	0.1	0.0
Other revenue	-	-	0.6	0.0
Total revenues	**176.8**	**140.6**	**115.4**	**167.8**
Operating expenses				
Production and operating	53.3	50.6	64.5	60.6
Overlift	-	-	-	15.6
Selling costs	2.1	1.3	2.1	5.0
General and administrative	18.7	16.6	12.0	16.6
Foreign exchange (gain) loss	(0.3)	(0.1)	0.0	(0.0)
Finance costs	5.1	4.3	2.5	1.3
Depletion, depreciation and amortization	34.3	34.9	31.0	24.3
Asset Retirement Obligation Accretion	0.3	0.2	0.3	0.2
(Gain) loss on financial instruments	7.1	2.8	(6.6)	10.3
Impairment (reversal) losses & other	14.5	7.9	73.5	(31.6)
Gain (Loss) on corporate dispositions	(0.2)	(0.1)	-	-
Total expenses	**134.8**	**118.5**	**179.3**	**102.2**
Earnings before income taxes	42.0	22.1	(63.9)	65.6
Income tax expense (recovery) - current	26.3	26.1	13.5	22.4
Net income (loss)	**$ 15.7**	**(4.0)**	**(77.4)**	**43.2**
Basic EPS (loss)	**$ 0.22**	**$ (0.06)**	**$ (1.07)**	**$ 0.60**
Diluted EPS (loss)	**$ 0.22**	**$ (0.06)**	**$ (1.07)**	**$ 0.59**
Basic shares outstanding	72.2	72.5	72.5	72.5
Diluted shares outstanding	72.6	72.5	72.5	72.7
EBITDA	**$ 95.7**	**$ 69.2**	**$ 43.5**	**$ 59.8**

Source: Company Reports, Stonegate Capital Partners estimates

VALUATION

Given the different geographic locations of TransGlobe's operating assets, we are using a sum-of-the-parts analysis. As seen below, we arrive at a combined valuation range of $4.50 to $7.00, with a midpoint of $5.75.

Canada

Based on F21 estimates, TransGlobe currently trades at a significant discount to peers. Below we compare just the Company's Canadian production vs. its Canadian peers.

Exhibit 15: Comparable Analysis (in US$)

Name	Ticker	Price (1)	S/O	Mrkt Cap	EV	BOE/d (2) 2020	BOE/d (2) 2021E	EV/Boe/d (2) 2020	EV/Boe/d (2) 2021E
Bonterra Energy Corp.	BNE	$ 4.23	33.7	$ 182.0	$ 371.5	10,575	13,000	35,128	28,576
Cardinal Energy Ltd.	CJ	$ 3.12	150.3	$ 598.2	$ 623.9	18,442	21,250	33,830	29,360
Gear Energy Ltd.	GXE	$ 0.63	259.1	$ 207.4	$ 192.3	5,298	5,750	36,293	33,440
InPlay Oil Corp.	TSX:IPO	$ 1.40	68.3	$ 154.3	$ 173.1	3,985	5,625	43,447	30,780
Surge Energy Inc.	SGY	$ 3.03	72.2	$ 321.8	$ 521.9	17,976	16,500	29,032	31,629
Tamarack Valley Energy Ltd.	TVE	$ 2.60	406.4	$1,347.9	$1,474.7	22,027	34,250	66,949	43,056
Yangarra Resources Ltd.	YGR	$ 1.16	86.2	$ 127.6	$ 260.1	9,888	10,000	26,301	26,007
							Avg	**38,711**	**31,835**
							Median	**35,128**	**30,780**
TransGlobe Energy	**TGA**	**$ 2.64**	**72.5**	**$ 191.5**	**$ 145.2**	**13,425**	**12,500**	**11,620**	**10,819**

(1) Previous day's closing price
(2) Est are from Capital IQ & reflect either Company guidance, extrapolated YTD production, or consensus; TGA production are Stonegate
Source: Company Reports, Capital IQ, Stonegate Capital Partners

As seen above, Canadian peers with operations in the Cardium are trading at an average EV/Boe/d multiple of $33,181. As TransGlobe's Canadian production is ~ 15% of its total annual production, the Company is trading at a significant discount. Just looking at TransGlobe's Canadian production guidance of 2,400 Boe/d, and using peer valuation metrics, we arrive at a valuation range of $1.50 to $2.06 with a midpoint of $1.69 for its Canadian asset.

Exhibit 16: Implied Valuation Range for Canadian Assets

	EV/Boe/d Range 26,007	31,835	43,056
Canadian Production:	2,400	2,400	2,400
Enterprise Value:	62.4	76.4	103.3
Net Debt:	(46.3)	(46.3)	(46.3)
Market Cap:	108.7	122.7	149.6
S/O:	72.5	72.5	72.5
Price	**$ 1.50**	**$ 1.69**	**$ 2.06**

Source: Capital IQ, Stonegate Capital Partners

Egypt

Obtaining proper comparable companies for the Egyptian assets is very difficult given the varying contractual terms of other players in the area. As such, we employ a cash flow analysis to help frame the valuation of the Egyptian assets.

The current mid-point of Egyptian production guidance is 10,100 boe/d. We then add the incremental benefit to the netback derived from the new contractual agreement to the existing netback to arrive at total netback and hence, annualized cash flow. As obtaining comps is very difficult, we use a relatively standard industry cash flow multiple of 3.0x to 5.0x.

Exhibit 17: Implied Valuation Range for Egyptian Assets

Production guidance	10,100	boe/d	
Annualized production (MMbbl)	3.7		
Oil benchmark price ($/bbl)	60.00	70.00	
Existing Netback ($/bbl)	9.78	13.90	
Netback - low ($/bbl)	9.00	11.00	
Netback - high ($/bbl)	11.00	13.00	
Total Netback - low ($/bbl)	18.78	24.90	
Total Netback - high ($/bbl)	20.78	26.90	
$60 benchmark price - midpt ($/bbl)	19.78		
Annual CF ($m)	72.9		
S/O	72.5		
CF/Sh	$ 1.01		
CF multiple	3.0x	4.0x	5.0x
Price	**$ 3.02**	**$ 4.02**	**$ 5.03**

Source: Capital IQ, Stonegate Capital Partners

Using the benchmark price of $60/bbl and using the mid-point benchmark at that oil price, we arrive at a valuation range of $3.02 to $5.03, with a midpoint of $4.02.

RECENT NEWS

November 3, 2021 – TransGlobe Energy Corporation Announces Third Quarter 2021 Financial and Operating Results for the Three and Nine Months Ended September 30, 2021.

September 29, 2020 – TransGlobe Energy Corporation Operations Update.

August 06, 2020 — TransGlobe Energy Corporation Announces Second Quarter 2021 Financial and Operating Results for the Three and Six Months Ended June 30, 2021.

June 23, 2021 – TransGlobe Energy Corporation Announces an Operations Update.

May 07, 2021 – TransGlobe Energy Corporation Announces AGM Voting Results and Confirmation of Board Changes.

May 07, 2021 – TransGlobe Energy Corporation Announces First Quarter 2021 Financial and Operating Results for the Three Months Ended March 31, 2021.

March 24, 2021 – TransGlobe Energy Corporation Announces an Operations Update.

March 12, 2021 – TransGlobe Energy Corporation Announces Year End 2020 Financial and Operating Results.

February 19, 2021 – TransGlobe Energy Corporation Announces an Update to its Significant Shareholders.

January 28, 2021 – TransGlobe Energy Corporation Announces Its 2021 Capital Budget.

January 21, 2021 – TransGlobe Energy Corporation Announces an Operations Update.

December 30, 2020 – TransGlobe Energy Corporation Announces Its US Listing Transfer to Nasdaq Capital Market and Eligibility for an Additional 180-day Grace Period to Regain Compliance with the Minimum Bid Price Requirement.

December 3, 2020 – TransGlobe Energy Corporation Announces an Agreement to Merge, Extend and Modernize its Eastern Desert Concessions.

November 18, 2020 – TransGlobe Energy Corporation a Corporate Update.

November 16,2020 – TransGlobe Energy Corporation Announces Third Quarter 2020 Financial and Operating Results for the Three and Nine Months Ended September 30, 2020.

August 11, 2020 – TransGlobe Energy Corporate Announces Second Quarter 2020 Financial and Operating Results for the Three and Six Months Ended June 30, 2020.

June 29, 2020 – TransGlobe Energy Corporation Announces an Operations Update.

CORPORATION GOVERNANCE

Randy Neely – President, Chief Executive Officer, Director – Mr. Neely, who has more than 25 years of experience in executive financial positions, has been with TransGlobe since May 2012 and was most recently appointed CEO as of 12/31/18. Mr. Neely was appointed President of the Company in January 2018 and was previously appointed as Vice President, Finance and CFO in May 2012. Prior experience includes serving as CFO of Pearl (Blackpearl) Exploration and Production, and CFO of Trident Exploration. His experience outside of the oil and gas industry includes working for TD Securities investment banking firm for over 3 years and KPMG for eight years. Mr. Neely holds designations as a Chartered Accountant (CA) and a Chartered Financial Analyst (CFA). He earned a commerce degree from University of Calgary**.**

Edward Ok – Vice President, Finance, Chief Financial Officer - Mr. Ok was appointed Vice President, Finance and Chief Financial Officer of the Company in January 2018. He was most recently at Zodiac Exploration and has over 10 years of corporate finance and accounting experience. Mr. Ok holds a Bachelor of Commerce from the University of Alberta, is a Chartered Accountant licensed in the Province of Alberta and a Certified Public Accountant licensed in Washington State.

Geoffrey Probert – Vice President, Chief Operating Officer - Mr. Probert was appointed Vice President and Chief Operating Officer in March 2019. A recognized expert at exploration drilling, field appraisal, development and rehabilitation operations, Mr. Probert has over 30 years of experience across: the UK, Europe, Middle East, Africa, and North and South America. Most recently Mr. Probert was the North Africa Managing Director for Petroceltic International plc and Chief Operating Officer for Echo Energy plc. Mr. Probert has a degree in Chemical Engineering and holds a Master of Petroleum Engineering from Heriot Watt University, Edinburgh.

Board of Directors:

David Cook – *Independent Director, Chairman of the Board*

Ross Clarkson – *Non-independent Director*

Randy Neely – *Non-independent Director*

Edward LaFehr - *Independent Director*

Dr. Timothy Marchant- *Independent Director*

Steven Sinclair – *Independent Director*

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