

MARKET STATISTICS

| | |
|-----------------------------|-----------------|
| Exchange / Symbol | NASDAQ: TGA |
| Price: | \$1.94 |
| Market Cap (mm): | \$140.1 |
| Enterprise Value (mm): | \$129.9 |
| Shares Outstanding (mm): | 72.2 |
| Float: | 95.5% |
| Volume (3-mo. avg. NASDAQ): | 291,800 |
| 52 week Range: | \$1.20 - \$4.13 |
| Industry: | Oil and Gas |

CONDENSED BALANCE SHEET

(\$mm, except per share data)

| | |
|---------------------------|-----------|
| Balance Sheet Date: | 9/30/2018 |
| Total Cash & Equivalents: | \$62.7 |
| Working Capital | \$52.4 |
| Total Debt | \$52.5 |
| Equity (Book Value): | \$192.4 |
| Equity/Share: | \$2.66 |

CONDENSED INCOME STATEMENTS

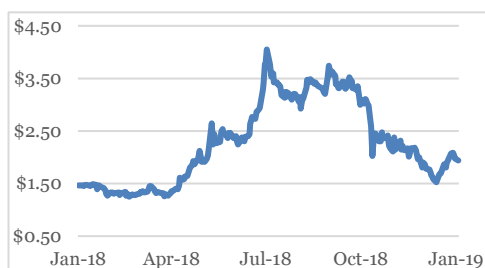
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| FY - 12/31 | Revenue | Income | EBITDA | EPS |
|------------|---------|-----------|---------|----------|
| FY14 | \$284.2 | \$11.5 | \$167.6 | \$(0.02) |
| FY15 | \$92.9 | \$(105.6) | \$13.6 | \$(1.44) |
| FY16 | \$63.8 | \$(87.7) | \$4.4 | \$(1.21) |
| FY17 | \$148.6 | \$(75.9) | \$79.9 | \$(1.09) |
| FY18E | \$175.7 | \$(4.7) | \$103.6 | \$(0.06) |

TOP INSTITUTIONAL HOLDERS

| | |
|---------------------------------------|-----------|
| Janus Henderson Group, plc | 8,335,000 |
| Invesco, Ltd. | 4,961,400 |
| Renaissance Technologies Corp. | 3,163,100 |
| Hillsdale Investment Management, Inc. | 3,046,800 |
| Fidelidade-Companhia de Seguros | 2,422,900 |
| Ross G. Clarkson | 1,844,500 |
| Connor, Clark & Lunn Investment Mgmt. | 1,761,200 |
| Aronson+Johnson+Ortiz, LP | 1,229,500 |
| EAM Global Investors, LLC | 1,098,500 |
| Morgan Stanley Investment Banking | 844,200 |

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. TGA also operated in Yemen for 19 years, before selling those interests in 2015. 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, and has approximately 70+ employees.

SUMMARY

TransGlobe has been in the international oil and gas industry for over 20 years and has drilled more than 400 gross wells in varying geological formations, political climates and economic environments. Through the execution of a disciplined business plan involving cost-cutting measures, a strategic acquisition, and key contracts with the Egyptian government and third-party marketers, TGA's management has steered the Company through a difficult period involving low oil prices and political turmoil, and, as a result, TransGlobe is well-positioned to return to profitability in the near-term.

- TransGlobe had an average production base of roughly 14,331 Boepd in Q318 and most recently reported ~16.3 MBoepd for December thus far. TGA has a number of low-risk development projects in Canada and Egypt, along with some potentially high-impact exploration opportunities in Egypt. The most recent 2019 capital budget includes a total of ~\$34.1M, with ~\$24.1M allocated to Egypt and ~\$10.0M to Canada.
- As Egypt has regained political and economic stability in recent years, TransGlobe's original 2019 budget plans included completion of 4 development wells in the Eastern Desert, in addition to multiple recompletions and well optimizations, as well as 2 exploration wells (but recent news discloses 2 wells bumped up to 2018). In the Western Desert, the focus is on appraisal and development of the SG 6X light oil discovery in South Ghazalat and resolution of access/contract extension issues at South Alamein.
- At year-end 2016, the Company acquired some producing high-quality light oil and liquids-rich gas plays in west central Alberta, Canada. The acquisition was designed to diversify TGA geographically as well as expand operations outside areas with geopolitical risk, and it came with 149 potential drilling opportunities. The historical low operating costs and favorable royalty and tax structure of the area support growth at current oil prices and provide opportunities to increase reserves and production in proven plays using advanced horizontal drilling and multi-stage frac technology. In 2019, TransGlobe plans 4 horizontal Cardium wells (3 development and 1 outpost) to maintain and grow Canadian light oil production.
- Based on a 12/31/17 GLJ Petroleum Consultants evaluation, the Company reported 27.6 MMboe total proved (1P reserves) as well as 45.9 MMboe total proved + probable (2P reserves), both an 8% decrease from 2016 year-end, primarily due to production during 2017.
- TGA had average sales of 14,490 Boepd in Q318. The Company did not sell any entitlement crude oil to EGPC during the 3rd quarter but reported one cargo lifting of 502K barrels of entitlement crude oil sold for net proceeds of \$31.7M. Notably, as of September 30, 2018, the Company had ~0.5M barrels of entitlement oil in inventory valued at \$15.74 per barrel on its balance sheet as well as \$62.7M in cash.
- For 2019, corporate production is expected to range between 14,000 and 15,000 Boepd (midpoint 14,500) with a 94% weighting to oils and liquids; this includes 11,600 to 12,400 Bopd for Egypt, and 2,400 to 2,600 Boepd for Canada.

On a comparable company basis for FY18 estimates, TGA currently trades at an EV/S multiple of 0.7x while its peers trade at an average multiple of 2.3x, and at an EV/EBITDA of 1.3x vs. the average of its peers at 4.7x. On a P/CFPS basis, TGA trades at 2.1x based on 2018E vs. the average of its peers at 3.2x. See page 9 for details.

BUSINESS OVERVIEW

TransGlobe Energy Corporation was incorporated in 1968 as a mineral exploration and extraction company and entered the oil and gas exploration and production market in 1992. The Company had properties in the U.S., and later in Yemen, Canada and Egypt. TGA sold its U.S. properties in 2000 to fund opportunities in Yemen and began operations in Egypt in 2004. In 2008, TGA divested its Canadian assets, which were mostly gas producing properties, to fund opportunities in Egypt and Yemen. In 2014, TransGlobe divested its properties and exited Yemen, primarily because of the political environment. TransGlobe re-entered Canada at year-end 2016 by acquiring production and working interest in properties located in west central Alberta.

In 2012, TransGlobe was ranked #30 in the Fortune Magazine *100 Fastest Growing Companies*; however, the years that followed were challenging. Political unrest in Egypt fueled by the Arab Spring uprisings made collecting receivables from the Egyptian government difficult. In 2013, when the accounts receivable total from the government of Egypt was approaching \$250 million, the management team, led by CEO Ross Clarkson, took aggressive steps to reverse the trajectory of the Company, including negotiations with the government-owned Egyptian General Petroleum Corporation (EGPC) and significant cost-cutting measures.

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 without the Egyptian government acting as a middleman, which has improved liquidity and decreased credit risk. The Company completed its first direct sale of Egyptian crude oil to a third-party buyer in Q1 2015.

In February 2017, TGA's subsidiary, TransGlobe Petroleum International, Inc. (TPI) completed a \$75 million 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. TGA completed three cargo liftings marketed by Mercuria in 2017.

The Company's most recent liftings include approximately 902,500 barrels of entitlement crude oil in Q218 (2 liftings) for net proceeds of ~\$53.3M. In Q318, TGA reported an additional lifting of 501,000 barrels of entitlement crude in July 2018 for estimated net proceeds of ~\$31.7M received mid-August. To date, 3 of 4 cargo liftings have been reported completed for 2018.

RECENT RESULTS

On November 8, 2018, the Company announced third quarter 2018 financial and operating results. Management disclosed production on average of 14,331 Boepd, and the Company had average sales volume of 14,490 Boepd. Funds flow from operations was positive at \$17.0 million, or \$0.24/share, vs. \$19.2 million in Q317, or \$0.27/share. The Company reported a net loss of \$(12.3) million, or \$(0.17)/share, vs. \$(6.9) million, or \$(0.09)/share in Q317.

The Company's inventoried entitlement crude oil in Egypt remained around ~ 0.5 million (similar to Q218), which was valued at \$15.74/bbl on the balance sheet, and TGA reported \$62.7M in cash on hand at 9/30/18. During the 3rd quarter, the Company spent \$12.8 million on exploration and development activities in Egypt and Canada, including the following details:

- 4 oil wells drilled in Egypt – 2 development and 2 exploration
- Of the 4, there were two dry holes (SGZ 1X and NWS 12X) and 2 oil wells (M-North and M-South)
- Commenced the 2018 Canadian drilling plan with three gross one-mile horizontal wells drilled and cased (and three more reported in Q418)
- Subsequent to quarter-end, the Company drilled and cased SGX 6X exploration well as well as a potential Bahariya light oil discovery (Cretaceous) with positive results, the testing of which was to be completed Q418
- TGA also recently reported that NWG 38A-7 had found an additional oil column and was currently producing at 360 Bopd from the Red Bed
- Also following the close of the quarter, TGA reported increased production at ~16.3 MBoepd for December 2018 thus far and that 450 Mbbls of entitlement crude oil had been sold for Q418 to date

Most recently reported, TransGlobe ended FY17 with 45.9 MMBoe of 2P reserves, which is down from 2016 levels of 50.0 MMBoe.

Exhibit 1: TransGlobe Reserves

| 2017 Reserves Summary | 1P | 2P | 3P |
|---|-------|-------|-------|
| 2016 Year End Reserves (MMBoe) | 29.9 | 50.0 | 65.9 |
| 2017 Adds/Revisions | 3.4 | 1.6 | 2.4 |
| 2017 Production | | -5.7 | |
| 2017 Year End Reserves (MMBoe) | 27.6 | 45.9 | 62.5 |
| Change vs Year End 2016 (%) | -8.0% | -8.0% | -5.0% |
| Production Replacement Ratio (%) – (ex A&D, economic factors) | 62% | 30% | 45% |

Source: Company Reports

GROWTH STRATEGY

TGA is a well-managed company that is focused on cash flow and building value over the longer term. The 2019 capital budget has recently been set at roughly \$34.1 million, before capitalized

G&A. This budget amount includes ~\$24.1M for Egypt and ~\$10.0 for Canada. TGA disclosed that the 2019 drilling program will encompass 4 Eastern Desert exploration wells in addition to multiple recompletions/well optimizations, a facility expansion and two exploration wells (although 2 accelerated to 2018 as mentioned); in the Western Desert, the Company will appraise and develop the SG 6X light oil discovery and attempt to resolve access and contract extensions at South Alamein. We expect 4 Canadian horizontal Cardium wells – three development wells and 1 outpost well, evaluating the Harmattan South acreage. The Company has noted that the 2019 capital program is balanced to anticipated funds flow, and the numbers could be adjusted according to change in Brent pricing.

Exhibit 2: Planned Capital Expenditures

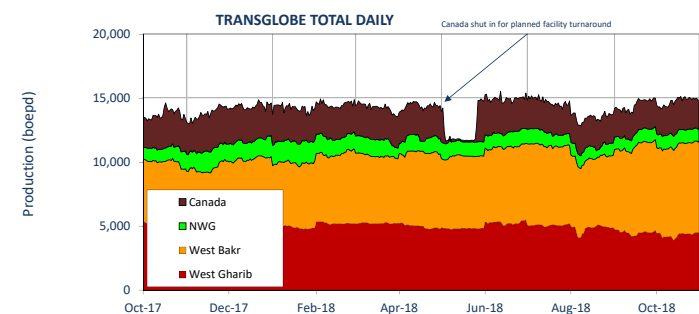
| Concession | TransGlobe 2019 Capital (\$MM) | | | | Total |
|----------------|--------------------------------|--------|-------------|-------|--------|
| | Development | | Exploration | | |
| | Wells* | Other | Wells | Other | |
| Egypt | | | | | |
| West Gharib | 0 | 2.7 | 0 | 0 | 2.7 |
| West Bakr | 3.4 | 9.8 | 1.1 | 0 | 14.3 |
| NW Gharib | 1.0 | 0.3 | 1.0 | 0 | 2.3 |
| NW Sitra | 0 | 0 | 0 | 0 | 0 |
| South Ghazalat | 0 | 0 | 1.2 | 2.3 | 3.5 |
| South Alamein | 0 | 0 | 0 | 1.3 | 1.3 |
| Egypt | 4.4 | 12.8 | 3.3 | 3.6 | 24.1 |
| Canada | 6.3 | 0.5 | 3.2 | 0 | 10.0 |
| 2019 Total | \$10.7 | \$13.3 | \$6.5 | \$3.6 | \$34.1 |
| Splits (%) | 70% | | 30% | | 100% |

*Wells include new wells, completions, workovers, recompletions and equipping

Source: Company Reports

Also, the Company disclosed 2019 production estimates of 14.0 to 15.0 MBoepd with a mid-point of 14.5 MBoepd; this includes production in Egypt of 11.6 to 12.4 MBopd in 2019 and production in Canada of 2.4 to 2.6 MBoepd.

Exhibit 3: TransGlobe Production Update



| | Q3 2018 | 2018 GUIDANCE | SEPTEMBER 2018 | OCTOBER 2018 |
|----------------------|-----------------------|--------------------------|-----------------------|-----------------------|
| Egypt | ~11,939 bopd | ~12.0 – 12.4 Mbopd | ~12,262 bopd | ~12,317 bopd |
| Canada | ~2,392 boepd* | ~2.2 - 2.4 Mboepd* | ~2,409 boepd* | ~2,387 boepd* |
| Total Company | ~14,331 boepd* | 14.2-14.8 Mboepd* | ~14,671 boepd* | ~14,702 boepd* |

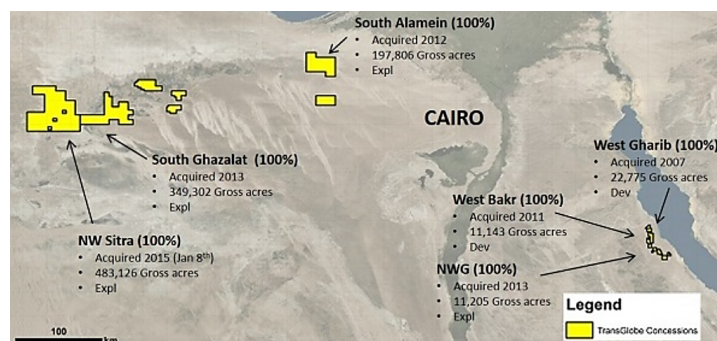
*6 Mcf to 1 Boe

Source: Company Reports

EGYPTIAN PORTFOLIO

TransGlobe has ~1.1 million gross acres of land in Egypt, with year-end 2017 gross reserves of 26.6 MMbbl 2P. The Company has two areas of focus in Egypt: (1) the Eastern Desert—West Gharib, West Bakr, North West Gharib, and (2) the Western Desert - South Alamein, South Ghazalat, North West Sitra.

Exhibit 4: TransGlobe's Egyptian Assets

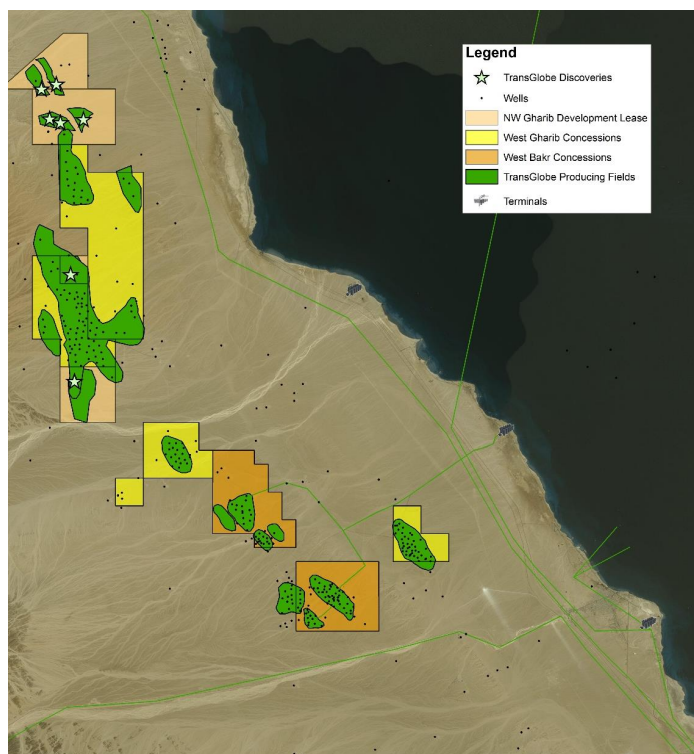


Source: Company Reports

THE EASTERN DESERT

TransGlobe has approximately 45,000 net acres in the Eastern Desert over three operated concessions: West Gharib, West Bakr, and North West Gharib.

Exhibit 5: Eastern Desert Concessions



Source: Company Reports

West Gharib (100% working interest, operated)

In September 2007, TransGlobe acquired and began operating 8 development leases with 24 producing wells in West Gharib, Egypt. A year later, in August 2008, the Company increased its working interest in the property to 100%. This oil has a high sulfur content, and must be refined outside of Egypt, generally in Europe or Asia.

The West Gharib concession has historically been, and continues to be, one of the TransGlobe's most prolific and valuable areas of operations. Through exploration discoveries, development drilling, and improvements to water flooding, the Company increased production by more than 400% from initial production in 2007 to 2013 and most recently reported the levels shown in the table below.

| Quarterly West Gharib Production (bopd) | 2018 | | | 2017 |
|---|-------|-------|-------|-------|
| | Q-3 | Q-2 | Q-1 | Q-4 |
| Gross production rate | 4,793 | 5,015 | 5,104 | 5,015 |
| TransGlobe production (inventoried) sold | (206) | (297) | 21 | (774) |
| Total sales | 4,587 | 4,718 | 5,125 | 4,241 |
| Government share (royalties and tax) | 2,349 | 2,459 | 2,504 | 2,459 |
| TransGlobe sales (after royalties and tax) ¹ | 2,238 | 2,259 | 2,621 | 1,782 |
| Total sales | 4,587 | 4,718 | 5,125 | 4,241 |

¹ Under the terms of the W Gharib Production Sharing Concession, royalties and taxes are paid out of the Government's share of production sharing oil

Recent (Q3 2018) operations and production:

- No wells were drilled during the quarter

West Bakr (100% working interest, operated)

Immediately adjacent to the West Gharib concession is the West Bakr concession, which TransGlobe acquired in late 2011. The proximity to West Gharib provides the Company with synergies and increases operating leverage in this region.

TGA has identified multiple drilling opportunities and enhancement/development projects that could add to production and increase recoverable reserves. Due to the proximity of the fields, knowledge gained in increasing production at West Gharib has been applied at West Bakr. The West Bakr concession contains three fields—H, M, and K. Like West Gharib, the oil produced in West Bakr has a high sulfur content. The oil produced in these fields is transported via pipeline to the Ras Gharib terminal on the Gulf of Suez.

| Quarterly West Bakr Production (bopd) | 2018 | | | 2017 |
|---|---------|--------|---------|-------|
| | Q-3 | Q-2 | Q-1 | Q-4 |
| Gross production rate | 6,126 | 5,747 | 5,274 | 5,024 |
| TransGlobe production (inventoried) sold | (1,700) | 6,235 | (2,136) | 3,511 |
| Total sales | 4,426 | 11,982 | 3,138 | 8,535 |
| Government share (royalties and tax) | 3,646 | 3,419 | 3,138 | 2,990 |
| TransGlobe sales (after royalties and tax) ¹ | 780 | 8,563 | — | 5,545 |
| Total sales | 4,426 | 11,982 | 3,138 | 8,535 |

¹ Under the terms of the W Bakr Production Sharing Concession, royalties and taxes are paid out of the Government's share of production sharing oil

Recent (Q3 2018) operations and production:

- During Q318, drilling commenced on a two well infill program including M-North and M-South targeting the main Asl A formation in the M pool
- M-North was drilled to 5,113 feet and encountered ~132 feet of net oil pay; it is currently producing ~800 bopd

- M-South was drilled to 5,077 feet and encountered ~142 feet of net oil pay and is currently producing ~800 bopd
- Construction of the H station Phase 2 expansion was completed, increasing fluid handling capacity from 10,000 bpd to 20,000, and the Company initiated a well optimization program targeting wells with excess capacity that had been previously constrained by the handling capacity at this station and the K station
- Construction will begin in early 2019 on Phase 3 expansion at the K station increasing fluid handling capacity to ~45,000 bpd
- The Company disclosed subsequent to the close of the quarter that drilling of M-10 twin well targeting the Asl A pool began early December (a potential producer or injector that was bumped up into the 2018 program)

North West Gharib (100% working interest, operated)

The Egyptian government ratified the North West Gharib concession into law in November 2013. TGA's North West Gharib property covers ~11,000 acres. TGA completed the exploration of the concession on schedule in April 2017 and relinquished all of the exploration properties other than the properties designated on the map in Exhibit 5, where the Company originally received four 20-year development licenses.

| Quarterly North West Gharib Production (bopd) | 2018 | | | 2017 |
|---|-------|-------|-------|-------|
| | Q-3 | Q-2 | Q-1 | Q-4 |
| Gross production rate | 1,020 | 1,151 | 1,399 | 1,212 |
| TransGlobe production (inventoried) sold | 2,065 | (417) | (507) | (439) |
| Total sales | 3,085 | 734 | 892 | 773 |
| Government share (royalties and tax) | 650 | 734 | 892 | 773 |
| TransGlobe sales (after royalties and tax) ¹ | 2,435 | — | — | — |
| Total sales | 3,085 | 734 | 892 | 773 |

¹ Under the terms of the NW Gharib Production Sharing Concession, royalties and taxes are paid out of the Government's share of production sharing oil

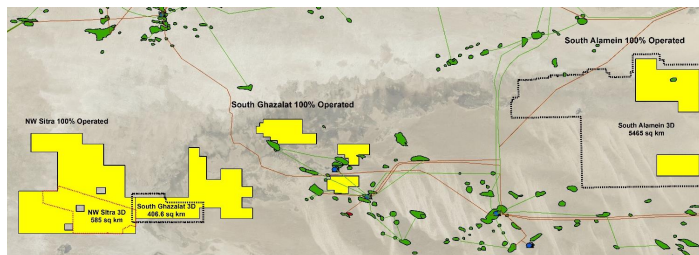
Recent (Q3 2018) operations and production:

- The NWG 38A-Inj injector was put into production with an initial rate of ~110 bopd and is now at ~80 bopd
- Drilling began on the NWG 38A-7 well as a potential water injector targeting the 38A Red Bed pool; the Red Bed formation was encountered, which contained both oil and water, but the well was cased due to deteriorating wellbore conditions prior to obtaining definitive samples
- NWG 38A-7 was reported completed during Q418 and did find an additional oil column during drilling, and it is currently producing 360 Bopd from the Red Bed
- The Company is now preparing a wellsite for NWG 38A-8, a potential Red Bed injector well, accelerating this ahead of 2019 program into 2018

THE WESTERN DESERT

TransGlobe has approximately 1.03M net acres in the Western Desert over three operated concessions: South Alamein, South Ghazalat and North West Sitra.

Exhibit 6: Western Desert Concessions



Source: Company Reports

South Alamein

Recent (Q3 2018) operations and production:

- No wells were drilled during the quarter
- No production budgeted for 2018 from this asset
- In the prior quarter, the Company received a 7 month extension to the final exploration phase, which is set to expire January 26, 2019; thus the Company announced plans in Q318 to engage EGPC to discuss potential solutions that include concession extensions and/or suspending the current term until access issues are resolved, and those negotiations began in Q418
- Subsequent to quarter-end, TGA also resubmitted a request for military access to drill the SA 24X Jurassic exploration prospect

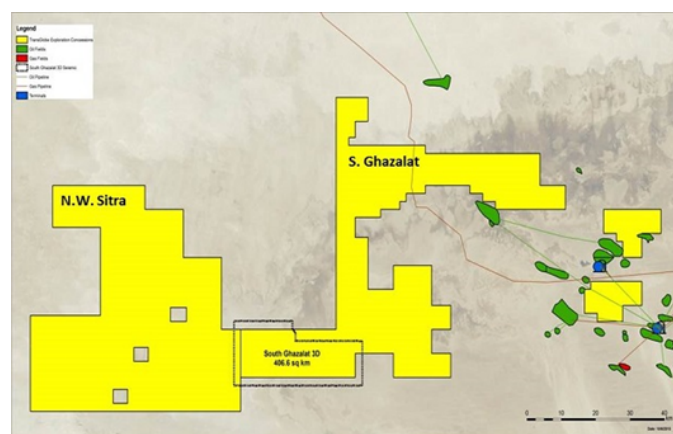
This block is attractive due to the high flow rates and the light oil that tends to sell much closer to Brent crude pricing. The Company continues to focus resources in the Western Desert because of the advantageous economics of the lighter oil. Additionally, the initial purchase of the South Alamein property included historical cost pools of ~\$80 million. If the Company is able to bring the pool into commercial production, it can recover those costs.

South Ghazalat and North West Sitra

In November 2013, TransGlobe acquired a 100% working interest in the South Ghazalat concession. The 349,302-acre South Ghazalat PSC is located in the prolific Abu Gharadig basin. At South Ghazalat the Company committed to a work program of \$8 million in the first phase, which has been met, and consisted of 400 square kilometers of 3-D seismic and two wells. During Q318, the Company drilled the first of two planned exploration wells in the south western portion of the South Ghazalat concession; SGZ 1X was drilled to 3,068 and abandoned following no hydrocarbons shows, and thus the plans for SGZ 2X were cancelled. Instead, an alternative prospect SGZ 6X in the eastern portion of the concession was drilled to a depth of 5,195 feet and cased subsequent to the close of the quarter. Based on results, the Company has mobilized testing equipment and concurrently requested and received a 6 month extension for the current exploration phase. TGA also submitted a declaration of commercial oil well discovery of SGZ 6X subsequent to quarter-end in order to begin development discussions with EGPC. No production was budgeted for these assets in 2018, and TransGlobe has met the commitments for the concession for the year.

TransGlobe acquired a 100% working interest in the North West Sitra concession in 2015. The Company completed 3D seismic exploration in this region and was interpreting the data during 2017, which led to plans for two wells to be drilled in 2018 (and TransGlobe has a 2-well commitment). In Q318, drilling on NWS 12X began, targeting a stacked Cretaceous/Jurassic prospect; the well was drilled to a depth of 13,300 feet with no signs of hydrocarbons and was abandoned. Total costs for this well were estimated at ~\$4M. With NWS 12X, the Company completed its work commitment for the first exploration phase within this concession and elected not to begin the second phase, booking an impairment for these assets. No production budget had been planned for 2018 from the NWS concession.

Exhibit 7: South Ghazalat and North West Sitra



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 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, which is just 40 minutes from the Company's headquarters in Calgary, includes ~ 85,000 gross acres. Total consideration in the transaction was approximately \$59 million, comprised of \$48 million in cash and a vendor take back note of ~\$11 million. Most recently the Company reported 2P reserves of 19.3 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 wells, which they expect will provide a substantially higher recovery rate. The property also contains 100% interest in 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.

Exhibit 8: Tight Oil Developments in the Western Canada Sedimentary Basin

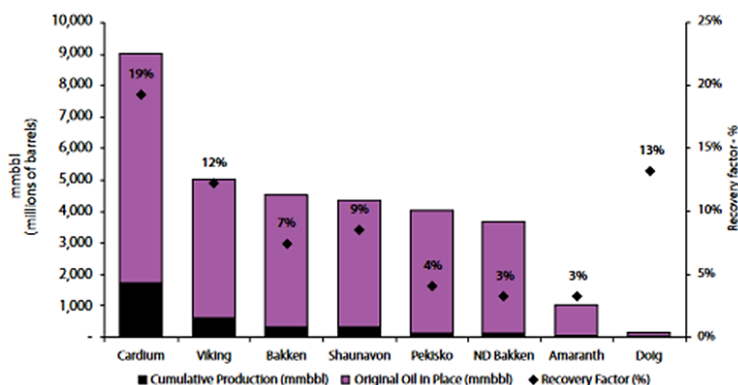


Source: Canadian National Energy Board

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 opportunities in Canada, as well as in Egypt, that can be tucked into its existing infrastructure. For example, the Company recently disclosed the purchase of an additional 1600 acres of Cardium rights in the Harmattan area, which increases the Cardium drilling location inventory by 8 – 10 locations.

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 9 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 9: 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.

As shown in Exhibit 9, 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 their fields, and are selling these assets in the Cardium to smaller companies. Apache recently sold its Cardium assets producing 5,000 Boepd to Cardinal Energy, Ltd. (TSX: CJ). In fact, in 2017 alone, international oil majors including ConocoPhillips (NYSE: COP) and Marathon Oil Corp (NYSE: MRO) have sold off \$22.5 billion of Canadian assets to focus on higher growth areas, primarily in the U.S. Permian Basin.

Per the Company's last filing, Canadian production was as follows:

| Quarterly Canada Production (boepd) | 2018 | | 2017 | |
|-------------------------------------|-------|-------|-------|-------|
| | Q-3 | Q-2 | Q-1 | Q-4 |
| Canada crude oil (bbls/d) | 567 | 497 | 675 | 775 |
| Canada NGLs (bbls/d) | 876 | 521 | 894 | 915 |
| Canada natural gas (mcf/d) | 5,695 | 5,094 | 6,176 | 6,058 |
| Total production (boe/d) | 2,392 | 1,867 | 2,598 | 2,700 |

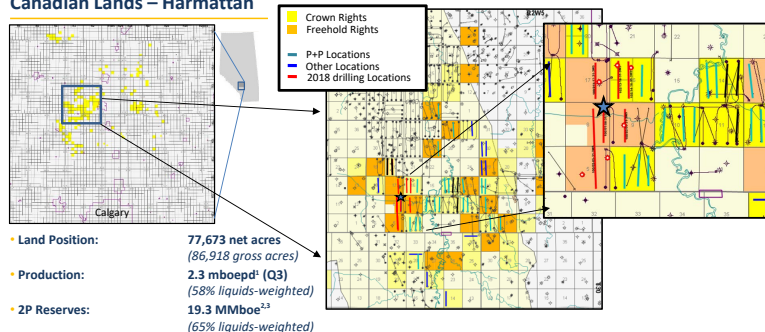
The Cardium drilling program began Q318, with the Company drilling and casing the first three of six one-mile horizontal wells that will be drilled from a common pad to reduce costs and improve efficiencies. Subsequent to quarter-end, TransGlobe completed drilling and cased the remaining three wells in the program, which included a two-mile extended reach horizontal well and two one-mile wells. Next, TGA began equipping the wells for production by year-end, following frac stimulation and flow cleanup. The one-mile horizontal outpost well to evaluate the newly acquired acreage has been deferred.

Additionally, as of year-end 2017, the Company reported increases in its NPV10 value despite removing 3.1 MMBoe (2P) of undeveloped Mannville Gas, primarily due to low gas prices. The NPV10 increased 81%, up to \$94 MM in 2017, up from \$52MM in 2016.

Per the recent earnings release, the Canadian assets were detailed as follows:

Exhibit 10: Canadian Assets

Canadian Lands – Harmattan



(1) Based on average production for nine months ended 9/30/18, impacted by one month shut-in May 2018

(2), (3) See filings for cautionary statements

Source: Company Reports

INDUSTRY

In response to a changing set of dynamics, a number of trends are shaping the oil and gas sector:

Cost cutting measures - Plummeting oil prices, beginning in June 2014, prompted a surge in cost reduction measures among upstream companies, with IOCs cutting capex by roughly 40% between 2014 and 2016. Projects during that time were canceled or delayed. As a result of cutting costs, combined with efficiency improvements, many projects are now in the position to break even with much lower oil prices.

Recent price gains – In 2016, OPEC, Russia and their allies struck a deal to end the price slump and re-balance an oversupplied market; they set a target of bringing oil inventories held by members back in line with the five-year average. After more than a year of supply curbs, they've made significant progress. However, recent news suggests that they might be re-evaluating their original metrics and could continue to push for further restrictions and continue supply curbs.

Free cash flow - Given the unpredictability of the market, companies' business plans emphasize profitability that is sustainable under multiple price scenarios. Growth in production and reserves has often been the key metric driving oil and gas companies. However, in the current climate, with the specter of rising interest rates and cost of debt, free cash flow from earnings is a priority.

Specialization - Companies are specializing in capabilities that are key to their growth. The scenario involving large oil companies discovering, developing and operating fields until depletion has given way to ownership changes that match the specialized capabilities of companies with the life cycle of the field.

Mergers and acquisitions - M&A should increase for upstream companies as they re-evaluate their portfolios in the current environment. This strategy enables companies to divest of noncore assets and add properties that match their strategic direction, strengths and capabilities.

Short-term EIA outlook – The U.S. Energy Information Administration (EIA) reports that global petroleum and liquid fuels inventories (OECD countries) declined by 0.5 million barrels per day in 2017 and predicts a global increase by about 0.3M barrels per day in 2018. EIA projects that U.S. crude oil production will average 10.9 million barrels per day in 2018, which would mark the highest annual average U.S. crude oil production average, surpassing the 1970 record. Brent spot prices, which averaged ~\$54/barrel in 2017, are expected to average ~\$71/barrel in 2018.

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 estimated quantities.

INCOME STATEMENT

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

| | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 E |
|---|------------------|-------------------|------------------|------------------|------------------|
| Revenues | | | | | |
| Petroleum and natural gas sales, net of royalties | \$ 274.59 | \$ 92.2 | \$ 63.1 | \$ 148.5 | \$ 175.2 |
| Finance revenue | 0.3 | 0.7 | 0.7 | 0.1 | 0.5 |
| Other revenue | 9.3 | - | - | - | - |
| Total revenues | 284.2 | 92.9 | 63.8 | 148.6 | 175.7 |
| Operating expenses | | | | | |
| Production and operating | 76.5 | 52.7 | 40.3 | 50.2 | 52.6 |
| Transportation costs | - | - | 0.0 | 0.7 | 0.8 |
| Selling costs | - | 4.6 | 0.9 | 2.5 | 2.2 |
| General and administrative | 29.9 | 21.3 | 17.6 | 15.3 | 16.0 |
| Foreign exchange (gain) loss | (6.5) | (11.6) | 3.6 | 0.2 | 0.3 |
| Finance costs | 7.6 | 6.3 | 6.1 | 6.3 | 5.2 |
| Exploration | 0.7 | - | - | - | - |
| Depletion, depreciation and amortization | 51.6 | 42.9 | 29.2 | 40.0 | 34.8 |
| Accretion | - | - | - | 0.3 | 0.3 |
| Realized derivative loss on commodity contracts | - | 0.7 | 1.0 | 2.9 | - |
| Unrealized derivative loss on commodity contracts | - | - | - | 8.0 | - |
| Unrealized (gain) loss on financial instruments | (11.6) | 6.6 | 7.0 | 0.2 | 28.5 |
| Impairment of exploration and evaluation assets | 71.4 | 85.4 | 33.4 | 79.0 | 14.1 |
| Loss on corporate dispositions | - | 0.3 | - | - | (0.2) |
| Total operating expenses | 219.5 | 209.1 | 139.0 | 205.4 | 154.5 |
| Earnings before income taxes | 64.7 | (116.2) | (75.2) | (56.8) | 21.2 |
| Income tax expense (recovery) - current | 63.0 | 25.5 | 15.5 | 21.8 | 25.0 |
| -deferred | (9.8) | (36.0) | (3.0) | - | - |
| Net income (loss) | \$ 11.5 | \$ (105.6) | \$ (87.7) | \$ (78.7) | \$ (3.8) |
| Other comprehensive income (loss) | - | - | - | 2.8 | (0.9) |
| Comprehensive income (loss) | \$ 11.5 | \$ (105.6) | \$ (87.7) | \$ (75.9) | \$ (4.7) |
| Basic EPS (loss) | \$ 0.15 | \$ (1.44) | \$ (1.21) | \$ (1.09) | \$ (0.06) |
| Diluted EPS (loss) | \$ (0.02) | \$ (1.44) | \$ (1.21) | \$ (1.09) | \$ (0.06) |
| Basic shares outstanding | 74.9 | 73.5 | 72.2 | 72.2 | 72.2 |
| Diluted shares outstanding | 82.4 | 73.5 | 72.2 | 72.2 | 72.2 |
| EBITDA | \$ 167.6 | \$ 13.6 | \$ 4.4 | \$ 79.9 | \$ 103.6 |

Margin Analysis

| | | | | | |
|----------------------------|-------|---------|---------|--------|-------|
| Production and operating | 27.8% | 57.1% | 63.9% | 33.8% | 30.0% |
| General and administrative | 10.9% | 23.1% | 27.8% | 10.3% | 9.1% |
| EBITDA margin | 61.0% | 14.8% | 6.9% | 53.8% | 59.2% |
| Pre-tax margin | 23.6% | -126.0% | -119.1% | -38.3% | 12.1% |
| Net income margin | 4.2% | -114.5% | -138.9% | -53.0% | -2.2% |
| Tax rate | 19.4% | -11.4% | 19.7% | 14.7% | 14.3% |

Growth Rate Analysis Y/Y

| | | | | | |
|-----------------------------|-----|----------|--------|---------|--------|
| Total revenues | n/a | -67.3% | -31.3% | 132.8% | 18.3% |
| Production and operating | n/a | -31.1% | -23.5% | 24.5% | 4.7% |
| General and administrative | n/a | -28.6% | -17.7% | -13.1% | 4.9% |
| EBITDA | n/a | -91.9% | -67.9% | 1727.7% | 29.8% |
| Pre-tax income | n/a | -279.5% | 35.2% | 24.4% | 137.3% |
| Net income | n/a | -1019.7% | 17.0% | 10.3% | 95.2% |
| EPS - fully diluted | n/a | -7100.0% | 15.7% | 10.3% | 94.0% |
| Share count - fully diluted | n/a | -10.8% | -1.7% | 0.0% | 0.0% |

Source: Company Reports, Stonegate Capital Partners estimates

VALUATION

On a comparable company basis for FY18 estimates, TGA currently trades at an EV/S multiple of 0.7x while its peers trade at an average multiple of 2.3x, and at an EV/EBITDA of 1.3x vs. the average of its peers at 4.7x. On a P/CFPS basis, TGA trades at 2.1x based on 2018E vs. the average of its peers at 3.2x. Additionally, the Company is well-positioned to return to profitability in the near-term based on:

- Execution of a disciplined business plan involving significant cost-cutting measures
- Recent acquisitions and planned activity supporting its decision to re-enter Canada
- Key contracts with the Egyptian government and third-party marketers
- The Company's experienced management team that has steered TGA through difficult periods involving low oil prices and political turmoil

We would expect that investors in TGA could benefit from price appreciation in the upcoming quarters as progress continues to be made, and the stock begins to trade more in-line with the metrics of its peers.

Exhibit 11: Comparable Analysis

| Name | Ticker | Price (1) | Sh | Mrkt Cap | EV | EV/S (2) | | EV/EBITDA (2) | | P/E (2) | | P/CFPS | |
|-----------------------------|-------------|-----------|-------|------------|------------|----------|--------|---------------|--------|---------|--------|--------|--------|
| | | | | | | 2017 | 2018 E | 2017 | 2018 E | 2017 | 2018 E | 2017 | 2018 E |
| Bellatrix Exploration, Ltd. | TSX: BXE | \$ 0.50 | 80.9 | \$ 40.5 | \$ 344.1 | 2.0x | 2.0x | 3.3x | 7.6x | nm | nm | 0.6x | 0.9x |
| Bonterra Energy Corp. | TSX: BNE | \$ 5.04 | 33.4 | \$ 168.3 | \$ 405.6 | 2.9x | 2.3x | 4.7x | 4.1x | 84.0x | 14.4x | 2.2x | 2.0x |
| Canacol Energy, Ltd. | TSX: CNE | \$ 3.24 | 177.7 | \$ 575.7 | \$ 872.0 | 5.5x | 3.8x | 4.7x | 6.8x | nm | 15.4x | 9.0x | 5.7x |
| Crew Energy, Inc. | TSX: CR | \$ 0.70 | 151.7 | \$ 106.2 | \$ 365.4 | 2.4x | 2.2x | 3.5x | 4.4x | 4.1x | nm | 1.3x | 1.6x |
| Gran Tierra Energy, Inc. | AMEX: GTE | \$ 2.38 | 387.1 | \$ 921.3 | \$ 1,152.5 | 2.7x | 1.7x | 4.7x | 2.6x | nm | 6.4x | 4.3x | 2.8x |
| Parex Resources, Inc. | TSX: PXT | \$ 14.59 | 155.4 | \$ 2,267.3 | \$ 1,906.2 | 3.2x | 2.0x | 6.0x | 3.0x | 14.7x | 5.3x | 8.4x | 6.0x |
| Average | | | | | | 3.1x | 2.3x | 4.5x | 4.7x | 34.3x | 10.4x | 4.3x | 3.2x |
| Median | | | | | | 2.8x | 2.1x | 4.7x | 4.2x | 14.7x | 10.4x | 3.2x | 2.4x |
| TransGlobe Energy Corp. | Nasdaq: TGA | \$ 1.94 | 72.2 | \$ 140.1 | \$ 129.9 | 0.9x | 0.7x | 1.6x | 1.3x | nm | nm | 2.5x | 2.1x |

(1) Previous day's closing price

(2) Estimates are from Capital IQ except for TGA revenues, EBITDA and EPS, which are Stonegate estimates

Source: Company Reports, Capital IQ, Stonegate Capital Partners

IN THE NEWS...

December 2018 – TGA provides operations update including most recent production rate at ~16.3 MBoepd and certain accelerations for drilling program (2 wells scheduled for 2019 bumped up) as well as changes to Board 1/1/19

November 2018 – Capital budget for 2019 disclosed at \$34.1M, with \$24.1M allocated to Egypt and \$10M allocated to Canadian projects; estimates for 2019 production released at 14.0 – 15.0 MBoepd. Operations update includes positive test results for South Ghazalat 6X oil discovery

September 2018 – Company announces opening of London office as well as CEO succession plan; effective 12/31/18, Randy Neely will assume the role of CEO as Ross Clarkson retires after more than 20 years with TransGlobe Energy. Operations update includes production for the quarter ranging from 13.5 – 14.8 MBoepd per month and the 3rd lifting of 2018 was completed

July 2018 – Operations update reported including June production average of ~14.9 MBoepd (12.3 Egypt and 2.6 Canada)

June 2018 – Company shares begin trading on AIM market of London Stock Exchange under the symbol “TGL”

May 2018 – TGA announces that it expects shares to begin trading on AIM on June 29, 2018

April 2018 – Company announces plans for AIM listing as well as a London office location by September 2018

January 2018 – 2018 capital budget announced as well as management promotions and year-end reserves

December 2017 – TGA’s operations update details annual average production of ~15.4 MBoepd for 2017

November 2017 – Boraq 5 test results fail to produce hydrocarbons from the two zones, and thus it is plugged and abandoned; TGA notes that Boraq 2 does not have sufficient scale on its own to proceed with development at this time

May 2017 – Entered into credit agreement for a revolving reserve-based facility with Alberta Treasury Branches

February 2017 – Announced the execution of a \$75 million crude oil prepayment agreement between TPI and Mercuria Energy Trading SA Company; Mercuria will market up to 9 million barrels of TPI’s entitlement crude oil

December 2016 – Completed the acquisition of production and working interests in certain facilities in the Harmattan area of west central Alberta for total consideration of ~\$59.5M

TRANSGLOBE ENERGY CORPORATION GOVERNANCE

Randy C. 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.

Lloyd W. Herrick – Vice President, Chief Operating Officer – Mr. Herrick joined TransGlobe in April 1999 as Vice President and Chief Operating Officer. Prior to joining the Company, Mr. Herrick was President and CEO Of Moibus Resource Corporation, which was acquired by TransGlobe. He was previously employed with Ranger Oil in multiple technical, management/executive positions. He also worked at Rupertsland Resources, Ltd. as a petroleum engineer and at Hudson’s Bay Oil & Gas, Ltd. as a production evaluations engineer. Mr. Herrick holds an ICD.D designation from the Institute of Corporate Directors.

Brett Norris – Vice President – Exploration – Mr. Norris is a professional geologist with over 24 years of industry experience. He joined TransGlobe in 2006 as Manager of Exploitation. Prior to joining the Company, he was Vice President of Geosciences and New Ventures at Paramount Energy Trust. He also worked as a manager at the international division of Nexen, Inc. in Yemen and South America. He has worked in a number of other exploration and production companies, including Esso Resources.

Board of Directors:

Robert Jennings – *Independent Director, Chairman of the Board*

Ross Clarkson – *Non-independent Director*

Randy Neely – *Non-independent Director*

Dr. Carol Bell – *Independent Director*

Matthew Brister – *Independent Director*

David Cook – *Independent Director*

Bob MacDougall – *Independent Director*

Susan MacKenzie – *Independent Director*

Steven Sinclair – *Independent Director*

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