

# ARROW EXPLORATION

**Growing & Socially-Responsible  
Colombia-Focused Energy  
Company**

AIM | TSXV : AXL  
April 2022

**Corporate Presentation**



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# Arrow Exploration

Growing & Socially-Responsible Colombia-Focused Energy Company



**3**  
opportunity rich basins  
(Colombia +Canada)

**1,100**  
→  
**3,000**  
boe/d within 18 months

**5**  
additional low-risk wells in 2022

**7.4**  
Mmboe 2P reserves

**1.3**  
Mmboe Unrisked Prospective Resources

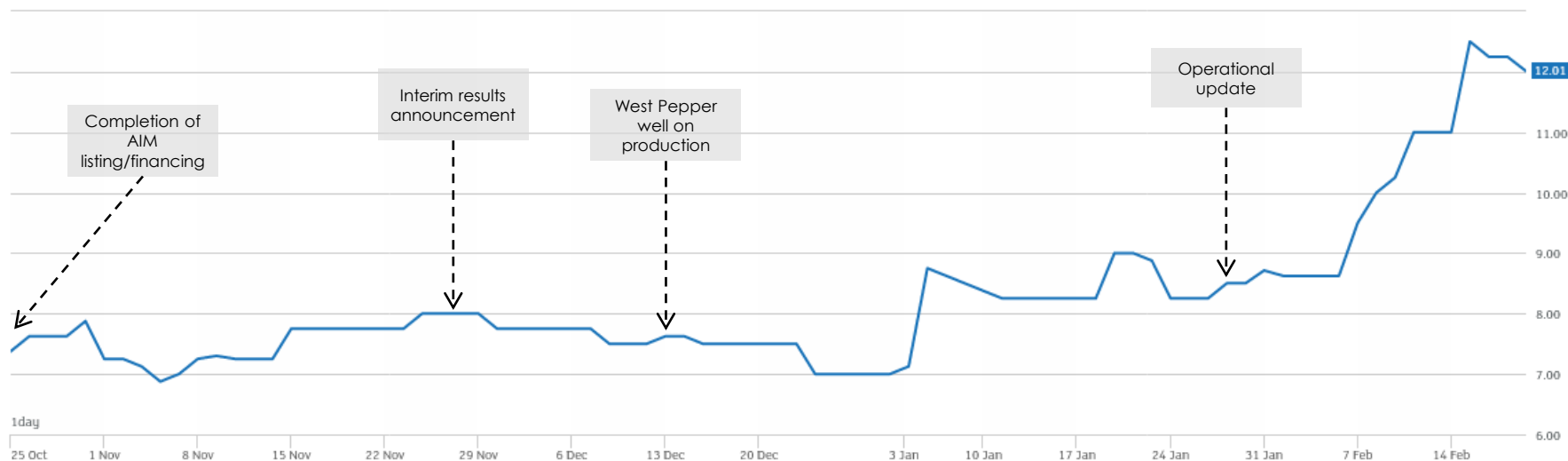
**Pursuing accretive acquisitions**

**Compelling valuation**

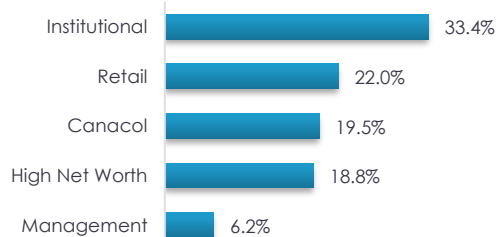
**Seasoned executive team and Board**

**Committed to ESG**

# Corporate Snapshot

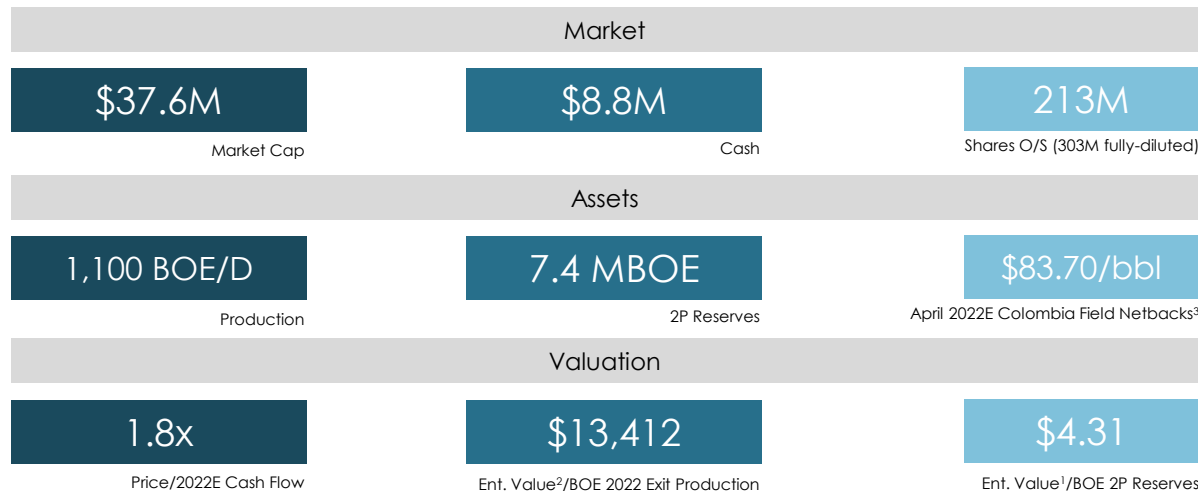


## Share Ownership



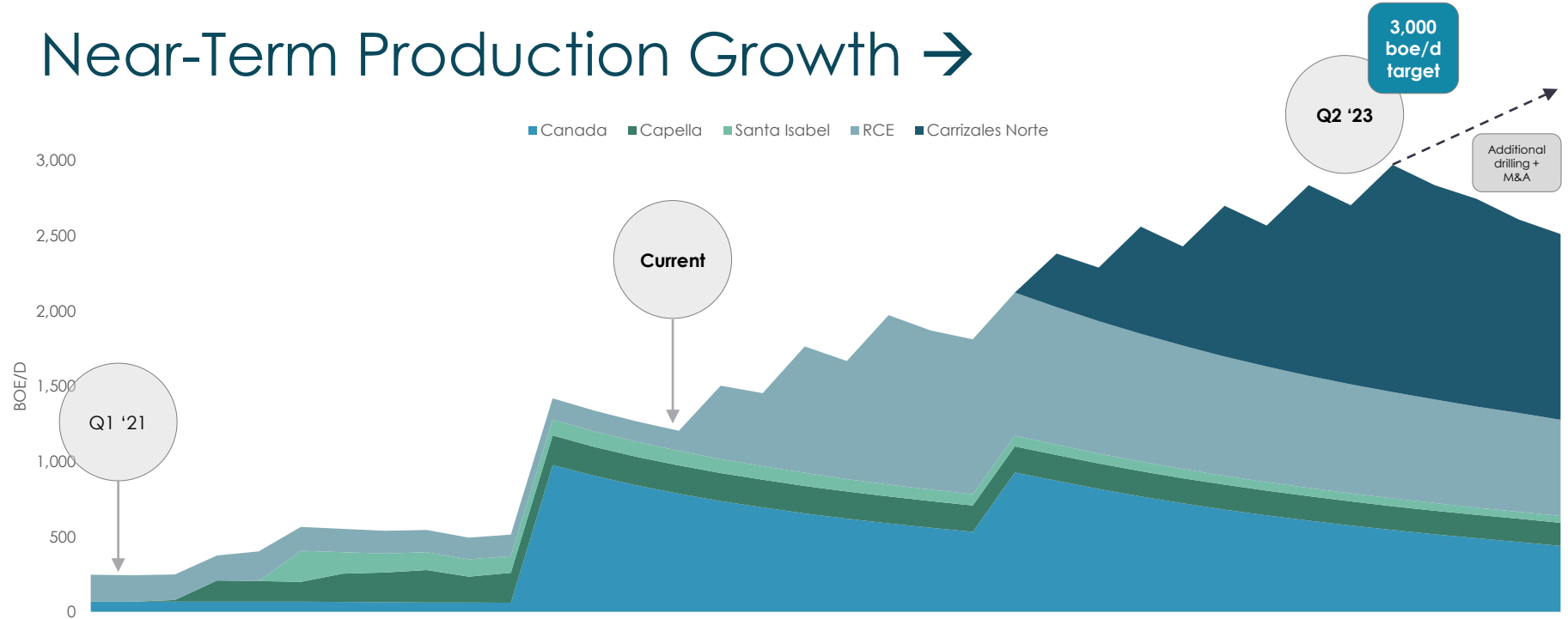
## Analyst Coverage

Firm	Analyst Name
Auctus Advisors	Stephane Foucaud
Arden Partners	Daniel Slater
Haywood Securities	Christopher Jones

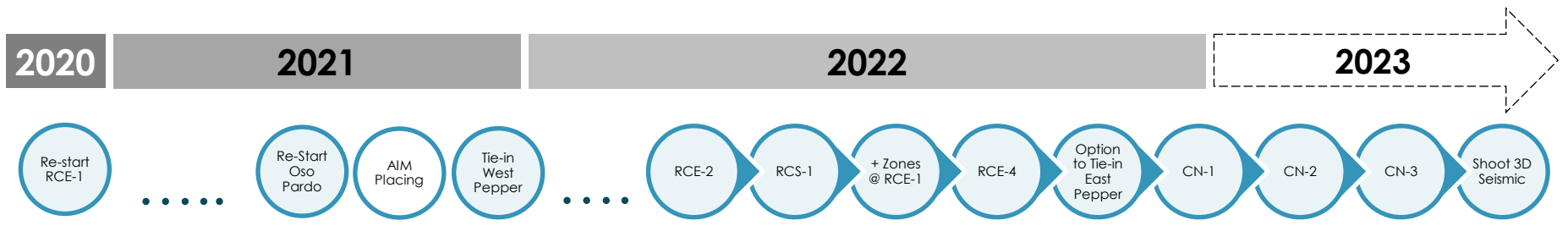


1. Enterprise Value = Market Cap plus Debt minus Cash  
 2. Bourj GEC December 31<sup>st</sup>, 2020 Reserve Report. Arrow's 50% interest in the Tapir block is contingent on the assignment by Ecopetrol of such interest to Arrow.  
 3. Excluding field netbacks of Ombu (Capeta)

# Near-Term Production Growth →



## → Expected to Be Driven By Multiple Catalysts



## → Resulting in a Potential Stock Re-Rating

# Seasoned Executive Team and Board

**190+ years**

Combined management experience

**8 companies**

Founded → grown → sold

**TSX / TSX-V / AIM**

Public company expertise

**15+**

O&G jurisdictions worked in



**P. Gage Jull**  
Executive Chair



**Marshall Abbott**  
CEO & Director



**Joe McFarlane**  
CFO



**Bob Petryk**  
Ops. Manager



**Phil Miller**  
SVP Exploration



**Maria Charash**  
NED (I)



**Grant Carnie**  
Senior NED (I)



**Anthony Zaidi**  
NED



**Ravi Sharma**  
NED

Company	Initial Production	Production at Exit (boe/d)	Return to Shareholders (CAGR) <sup>1</sup>
Cougar Hydrocarbons	0	3,000	280%
Equatorial Energy	0	13,000	150%
Sabretooth Energy	0	1,700	100%

... + 5 Others

**“Have done it before – and will do it again”**

1. Estimated CAGR in share price during management tenure with previous companies

# Committed to ESG Best Practices

## Environment

Committed to limiting our impact on the climate, air, land and water by adhering to the highest standards of industry operating practices; support principles included in the UN's Sustainable Development Goals.

## Community Involvement

Develop community partnerships based on collaboration and understanding the community's needs; encourage the contribution to communities by our employees, by ensuring opportunities to give and volunteer.

## Stakeholder Engagement

Build positive relationships with stakeholders through communication based on honesty, transparency, proactivity, trust and respect.

## People

Health and safety of all workers involved in our activities, as well as residents of the communities where we work, is a core value at Arrow; treat staff members with dignity, fairness and respect; follow applicable occupational health and safety legislation and industry recommended practices; support principles of the Universal Declaration of Human Rights.

## Leadership & Governance

Arrow's Board is responsible for the governance of the Company's ESG commitments; the leadership team is accountable for implementing the ESG commitments; expectations communicated to the Company's workforce and contractors.

# Asset Overview

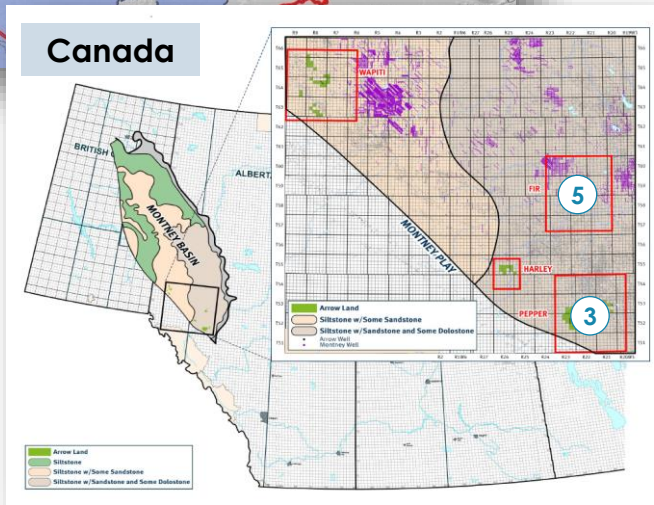
Asset	Country	Basin	W.I.	Production <sup>(3)</sup> (boe/d, net)	Operator
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Core Assets	1. Tapir <sup>(1)</sup>	Colombia	Llanos	50%	134	Arrow <sup>(2)</sup>
	2. Oso Pardo	Colombia	MMV	100%	118	Arrow
	3. Pepper	Canada	WCSB	100%	556	Arrow

4. Ombu	Colombia	Putumayo	10%	190	Emerald
5. Fir	Canada	WCSB	24-40%	92	Tourmaline

<b>Total</b>				<b>1,090</b>	
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1. Arrow's 50% interest in the Tapir block is contingent on the assignment by Ecopetrol of such interest to Arrow.  
 2. By way of JOA contract with PetrolCo. Arrow's 50% interest in the Tapir block is contingent on the assignment by Ecopetrol of such interest to Arrow.  
 3. Estimated as of April 4, 2022

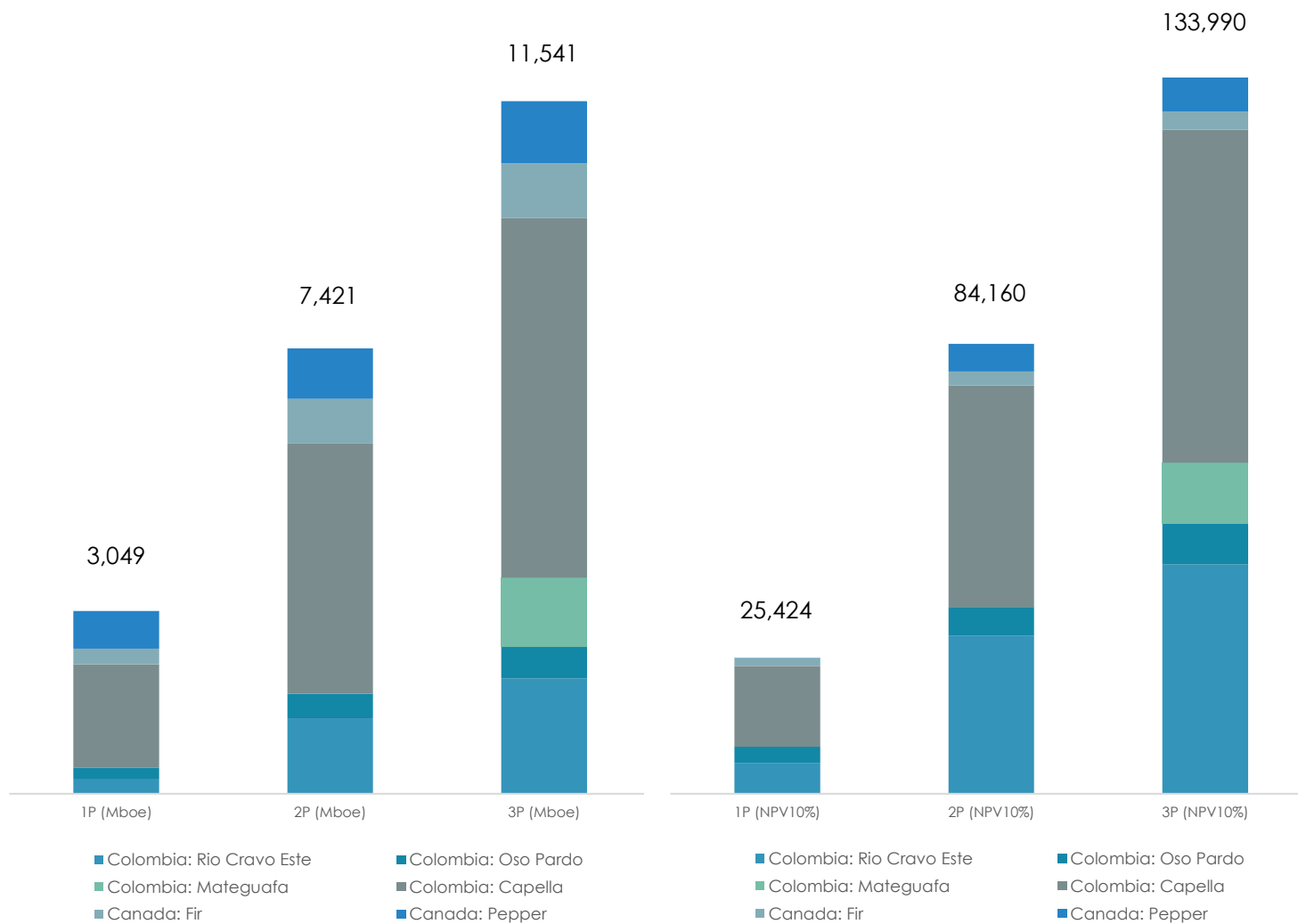




# 2021 Year-End Reserves

## 12-31-2021 Price Deck

Year	\$/bbl Brent
2022	74.50
2023	72.00
2024	69.50
2025	71.00
2026	72.00
2027	74.00
2028	76.00
2029	77.50
2030	79.00
2031	80.50
2032	82.03
2032+	+2% per year





# Colombian Oil Portfolio Llanos Basin

# Colombian Oil & Gas Industry

## Key Takeaways



### Attractive Fiscal Terms

Government very supportive of the oil and gas industry (30%+ country's exports)

Attractive fiscal terms including 8-14% royalties on Arrow's properties

Long-term, stable outlook for Colombia, one of South America's most fiscally responsible countries



### Great Infrastructure

Abundant infrastructure with spare pipeline capacity and no bottlenecks

Ample export capacity including two port facilities on Caribbean coast

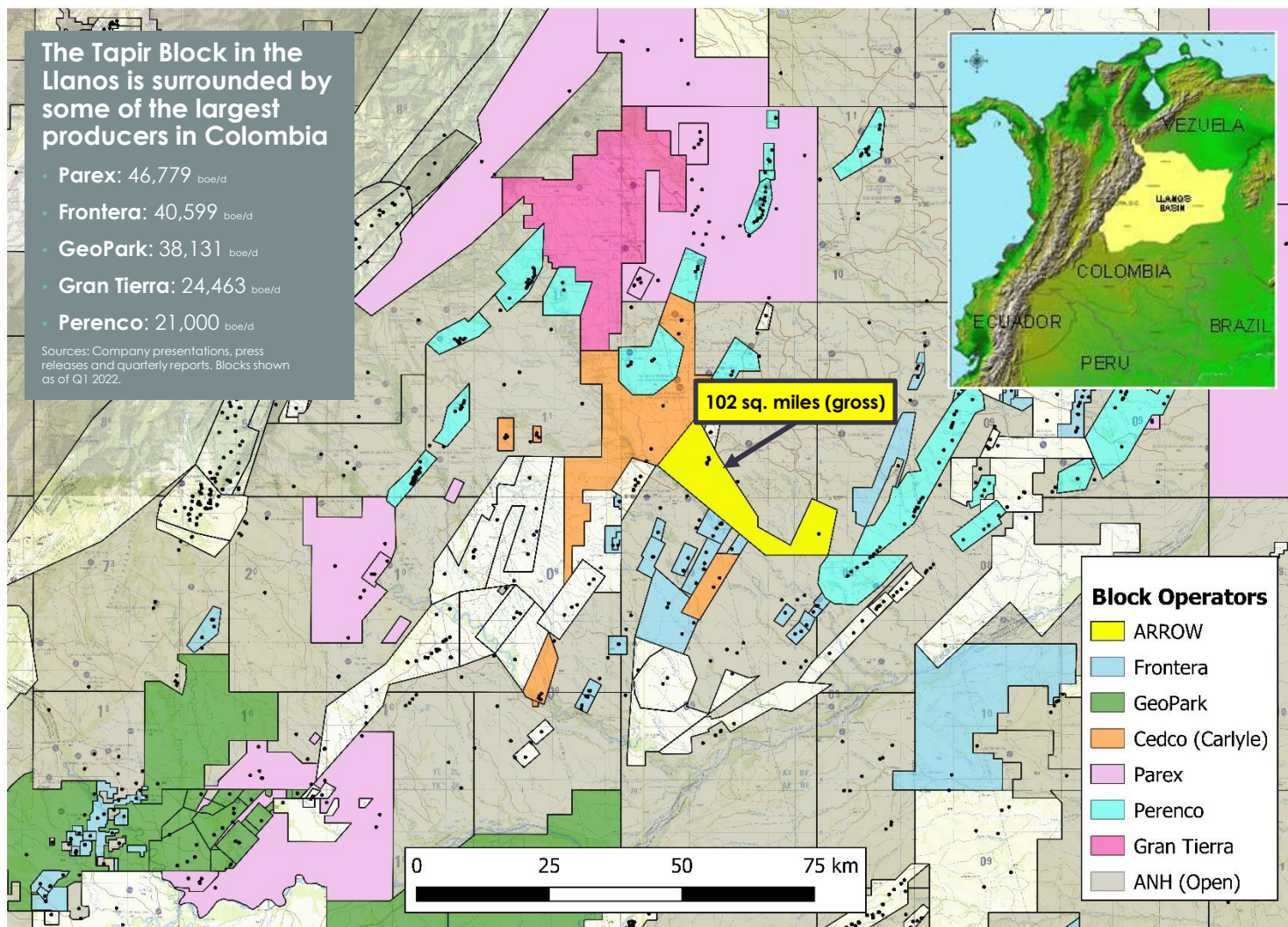


### Brent Oil Pricing

Excellent pricing based on Brent less Vasconia Differential (\$2-\$5/bbl)

# Llanos Basin

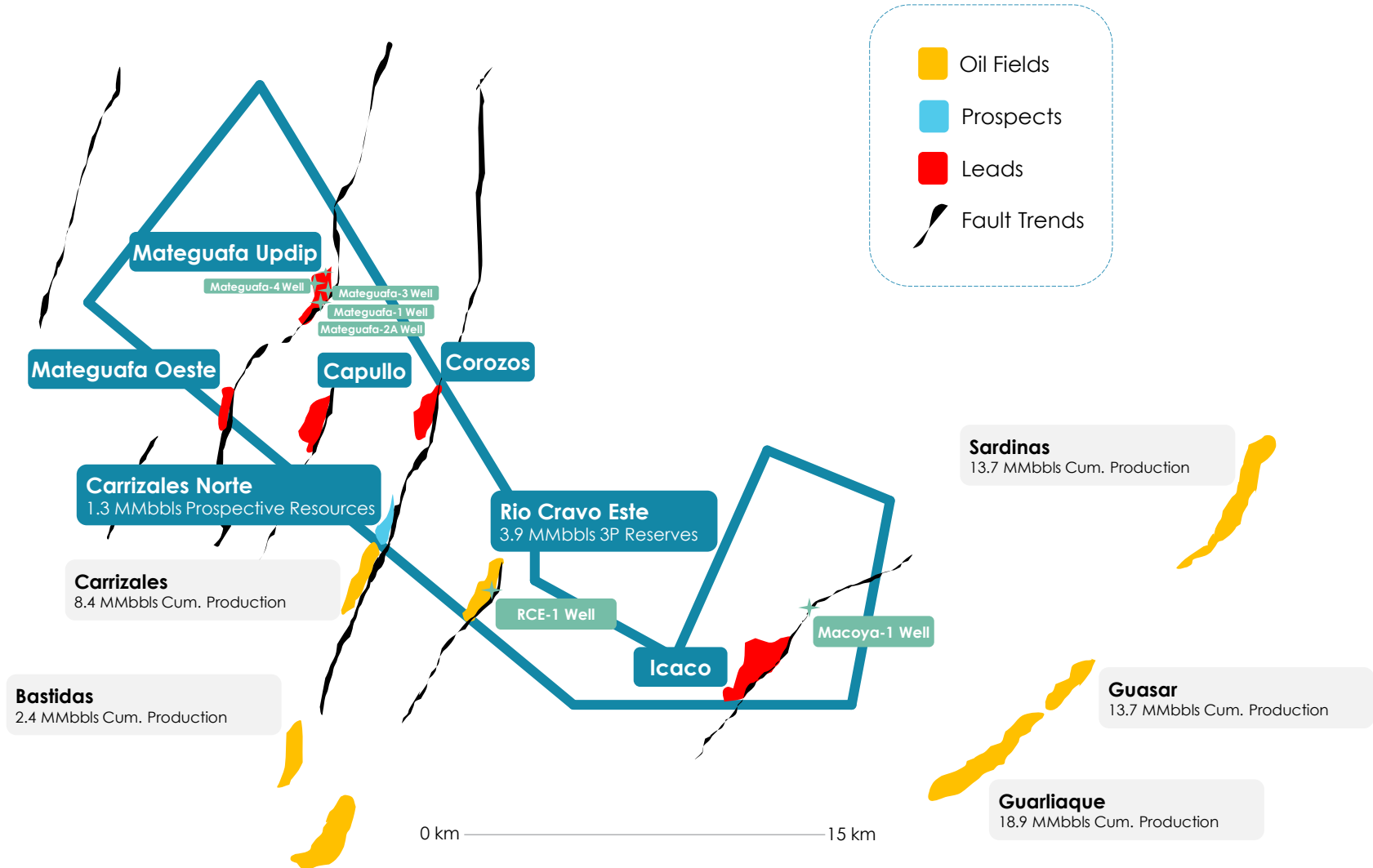
The 'Park Avenue' of Colombia's Oil Industry – Safe, Secure and Highly-Desirable



- Largely flat-lying areas with little vertical relief
- Year-round production (rainy season April-November)
- 80+ year history of hydrocarbon production
- Strong community support

# Tapir Block: Proximate Field Production

38.5 MMbbls Produced<sup>1</sup>



1. As at the end of 2020

# Tapir Block: Features and Opportunities

## 1 Key Characteristics ...

Excellent subsurface fundamentals

Multiple high-quality reservoir targets

Typically, 3 zones per well bore

Multiple opportunities with 3D seismic coverage

Substantial exploration upside

High chance of success based on 3D seismic

## 2 ... Drive Opportunities

Multiple prospects plus additional follow-up wells on success

Type-wells can deliver initial production (IP) of over 1,300 bbls/d

Historically, only 1 zone has been completed – opportunity to commingle zones

Potential for 4-5 wells at each of RCE and Carrizales Norte

Numerous leads identified with the existing 2D seismic grid

3D seismic will be acquired/reprocessed to de-risk leads and build a drilling inventory

# Current & Future Production Tapir Block (50% W.I.)

## Overview

- RCE 2021 year-end 3P reserves of 3.8 MMbbls (gross) / 1.9 MMbbls (net to Arrow's W.I.)

### 1. Rio Cravo Este (RCE) appraisal (up to 4-5 wells)

- RCE-2 well spud on April 2, 2022; potential to add 360 bbls/d, net; same structure as RCE-1
- RCE-2 to be followed up immediately by RCS-1 (formerly named RCE-3) – potential to add another 360 bbls/d, net

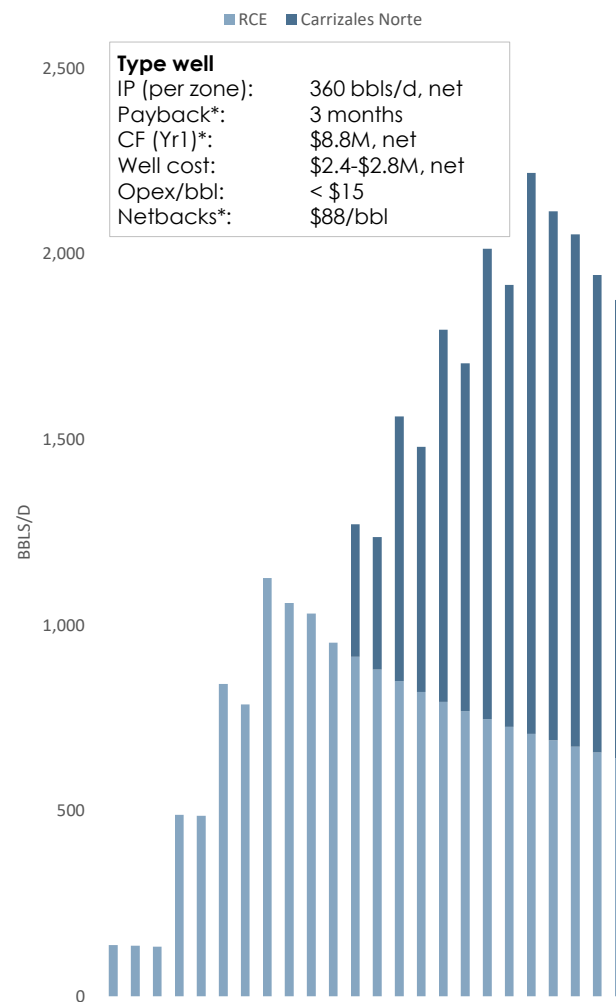
### 2. Carrizales Norte

- Drill Carrizales Norte-1 – low-risk step-out well considered to be an extension of the Carrizales Field
- 1.3 MMbbls unrisks prospective resources (net to Arrow's W.I.)

## RCE-2 Drilling Operation | Oil Storage Facilities



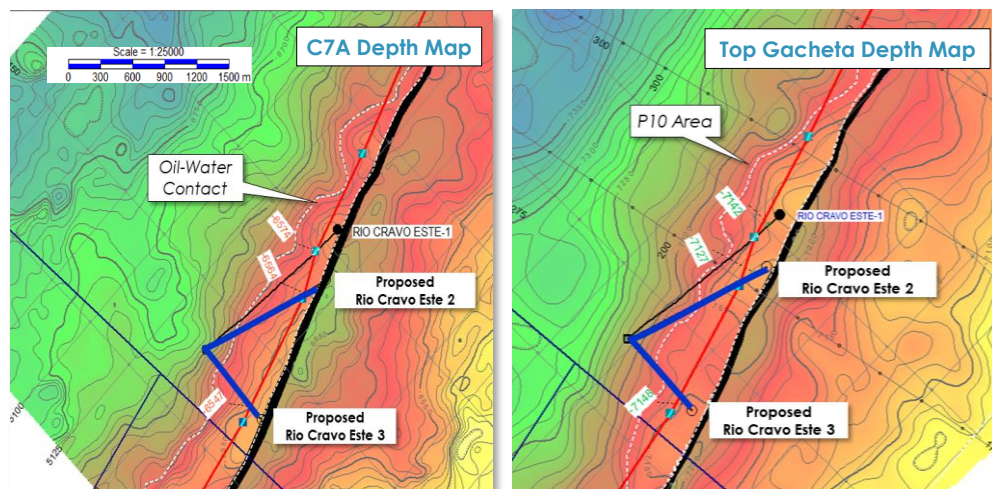
## Tapir Block Potential Production (net to Arrow)



# RCE Well Locations | RCE-1 Recompletion (50% W.I.)

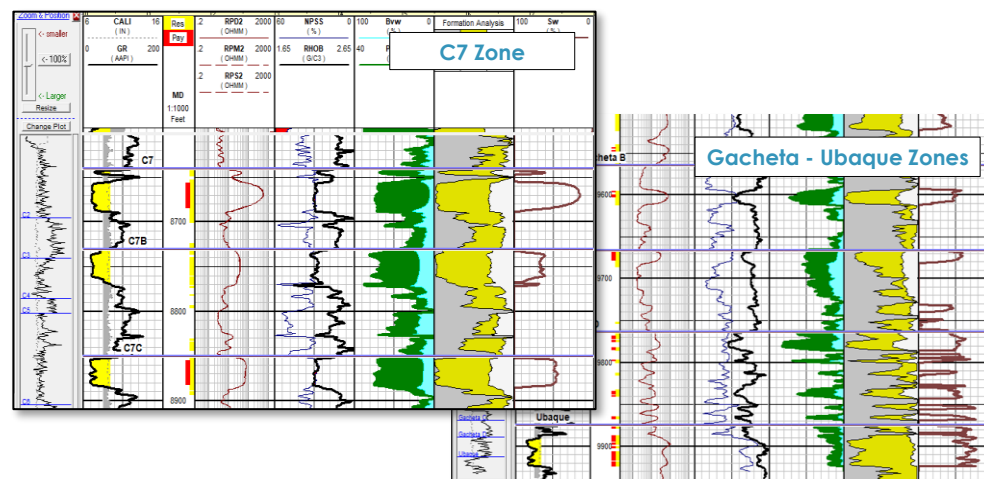
## Near-Term RCE Well Locations

- RCE-2 Development Well**
  - Located within same local structural culmination as RCE-1
  - Primary Objectives: C7, Gacheta & Ubaque
- RCS-1 Development Well** (formerly named RCE-3)
  - Primary Objectives: C7, Gacheta & Ubaque
  - Target is a separate structural high within overall RCE structural closure
- RCE-4 Development Well**
  - Upon successful completions in additional C7, Gacheta and/or Ubaque sands, a fourth well will be considered to optimize production timing and maximize recoveries from all zones
- Potential for additional well locations targeting additional zones, from 2023 onwards



## RCE-1 Recompletion Opportunity

- 80+ feet of net pay identified outside of the currently producing C7A sand
- New production from upcoming appraisal wells will allow for RCE-1 to be recompleted in another zone
- Three recompletion candidates high-graded:
  - Upper C7 sand: Six feet net pay on logs, offset wells tested 700-1,500 bopd. Estimated recoverable resources of 500k bbls\*
  - Gacheta D sand: 18 feet net pay on logs, offset wells tested 2,000-2,400 bopd. Estimated recoverable resources of 440k bbls\*
  - Gacheta B sand: 11 feet net pay on logs. Excellent reservoir quality with similar production rates to Gacheta D expected. Estimated recoverable resources of 850k bbls\*
- Secondary zones such as the C7C and Ubaque offer additional recompletion potential



\* Arrow's 50% interest in the Tapir block is contingent on the assignment by Ecopetrol of such interest to Arrow; Arrow management estimates of average recoverable resources per zone within the Rio Cravo Este structure



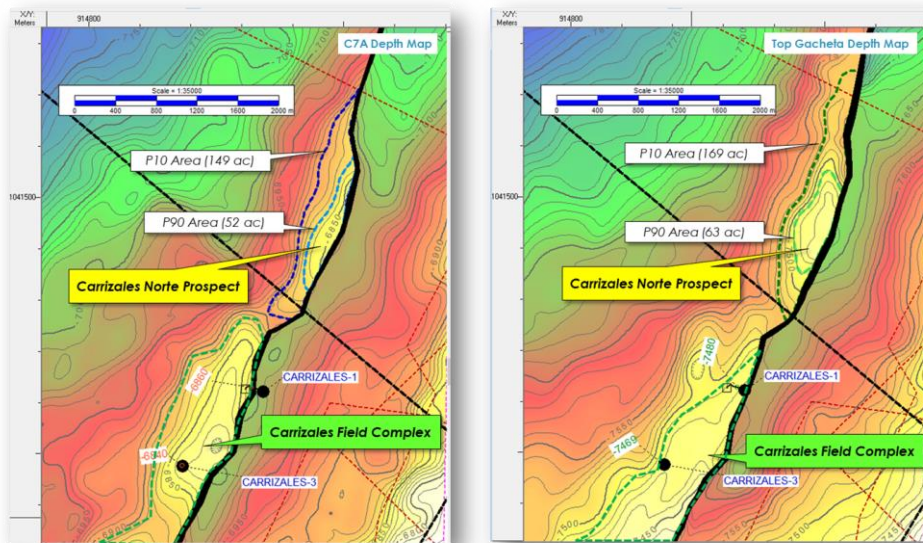
# Future Production

## Carrizales Norte Prospect (50% W.I.)

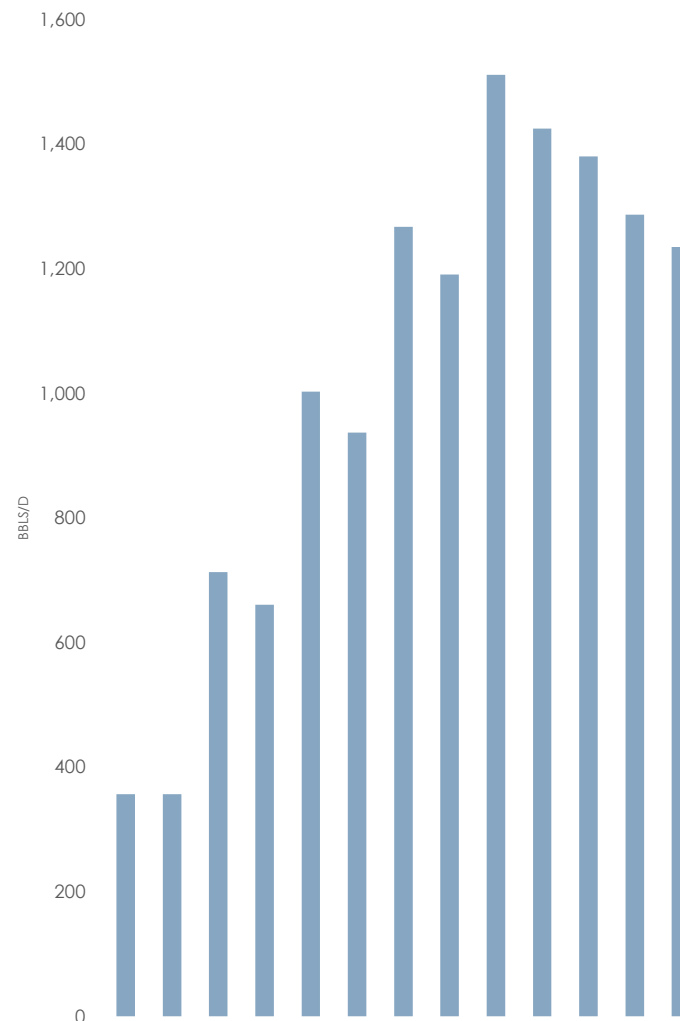
### Overview

- Carrizales Field (held by Frontera Energy):
  - Discovered by C&C Energia in 2007 with the Carrizales-1 well – led to \$500 million sale of C&C.
  - 24 wells drilled to date; as of December 2019, the field had produced approximately 8.4 MMbbls oil and had achieved a peak production rate of 7,300 bbls/d
- Potential for 4-5 development wells at Carrizales Norte, with Carrizales Norte -1 seen as a low-risk step-out well from the Carrizales Field
- Multi-zone potential (similar to RCE); within the vicinity of the Tapir block, the average peak or test rate from the three main producing formations is approximately 1,100 bbls/d; some rates in excess of 2,000 bbls/d
- 2.5 MMbbls of gross unrisked best estimate oil prospective resources; Arrow estimates a very high chance of commercial success (over 90%)

### Depth Structure Maps



### Carrizales Norte Potential Production (net to Arrow)





# Colombian Oil Portfolio MMV Basin

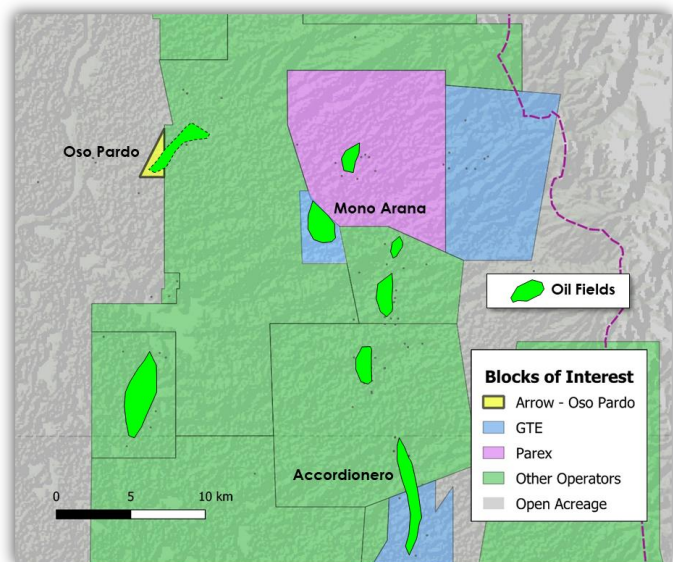
## Current Production

# Oso Pardo Field (100% W.I.)

### Overview

- Discovered in 2013 by Canacol; discovery well (Oso Pardo-1) had an IP of 200 bbls/d from stacked sands of the Umir formation
- 2 appraisal wells drilled in 2014; 150 ft proven oil column to Lowest Known Oil (LKO)
- Accordionero (2P reserves of 66 MMbbls; current production of 16,000 boe/d) located 25 km to SE
- Arrow's Morsa-1 well re-started in June 2021 at 392 bbls/d; OP-1 and OP-2 wells re-started in July 2021 at 61 bbls/d combined
- Independent study by Gaffney, Cline & Associates supports a much larger field area than originally interpreted by Canacol

### Location | Map



- Covered by 3D seismic – exclusive to Arrow
- Request to extend Oso Pardo Production License will be formally submitted to ANH once relinquishment of adjacent VMM-2 license is approved

### Oso Pardo Site Photos



# Future Opportunity Not Factored Into Production Forecast

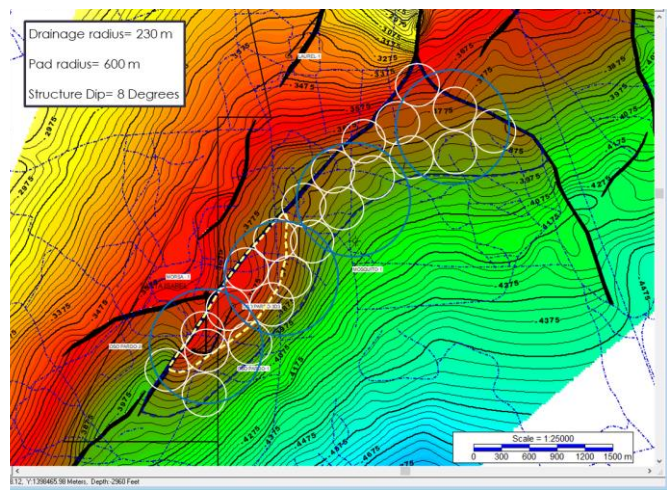
## Oso Pardo Extension (100% W.I.)

### Overview

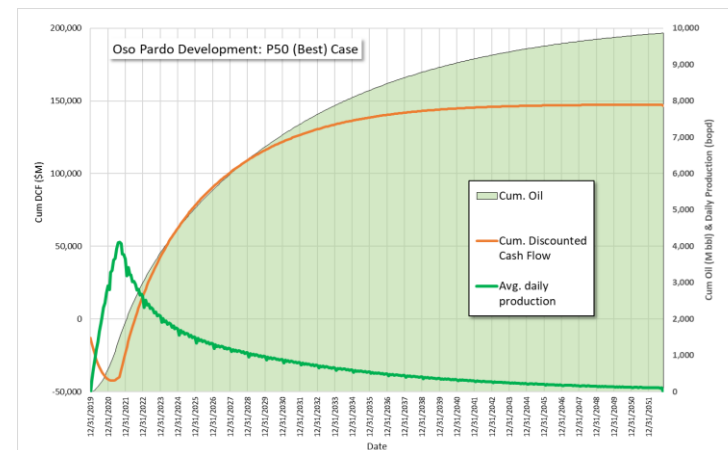
- Gaffney, Cline & Associates reserve study\* snapshot:

GCA Cases	Oil EUR/well (Mbbbl)	Capex (\$M)	Pre-Tax NPV10% (\$M)
Low	343	\$65.5	\$24.9
Best	480	\$122.7	\$146.5
High	705	\$251.1	\$547.8

### Potential Field Development Configuration



### Oso Pardo Extension Potential Production Profile\*

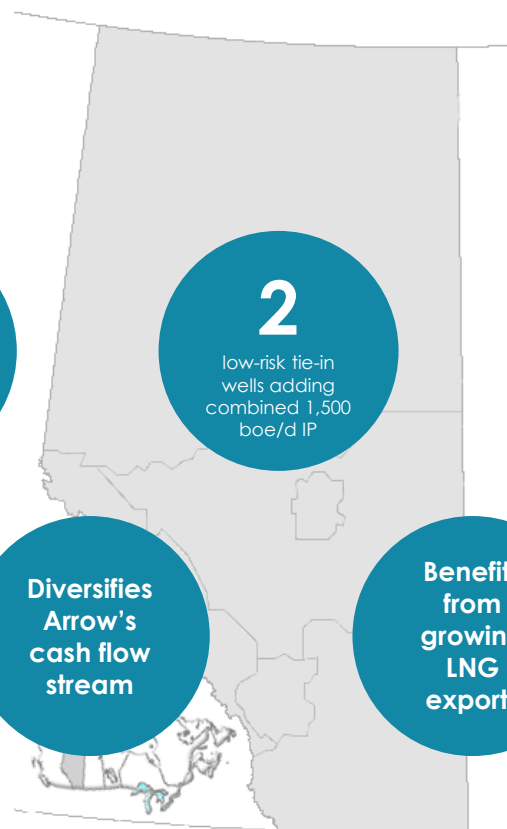


- Leveraging off the company's existing Oso Pardo development
- The majority of VMM-2 is in the process of being relinquished
- Arrow is applying for an extension to its existing license to cover the entire potential Oso Pardo development; Canacol has agreed to assist Arrow with obtaining the extension
- Based on P50 development size of 20 wells, Oso Pardo could contain 9.6MMbbls gross
- Potential capex of \$2.6M per well, ex. well-pad\*
- Overall development has been modelled by Gaffney Cline as reaching as much as 4,000 bbls/d, gross, in the P50 case\*
- Opportunity for Arrow to develop at 100%



# Western Canada Gas Montney

# Why Western Canada?



**447**  
TCF marketable gas in the total Montney play

**1.8**  
Tcf of Gas Initially-in-Place in Arrow's Montney lands

**2**  
low-risk tie-in wells adding combined 1,500 boe/d IP

**Efficient payout on Arrow's wells**

**Optionality on realizing value from Arrow's assets**

**Diversifies Arrow's cash flow stream**

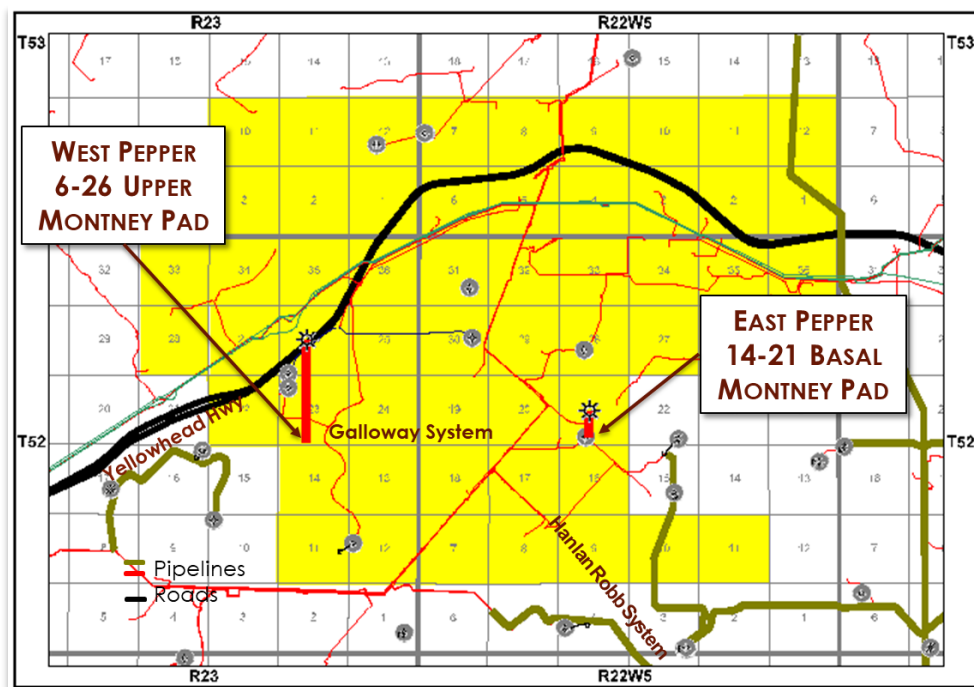
**Benefits from growing LNG exports**

# Current & Future Production Canadian Montney Assets

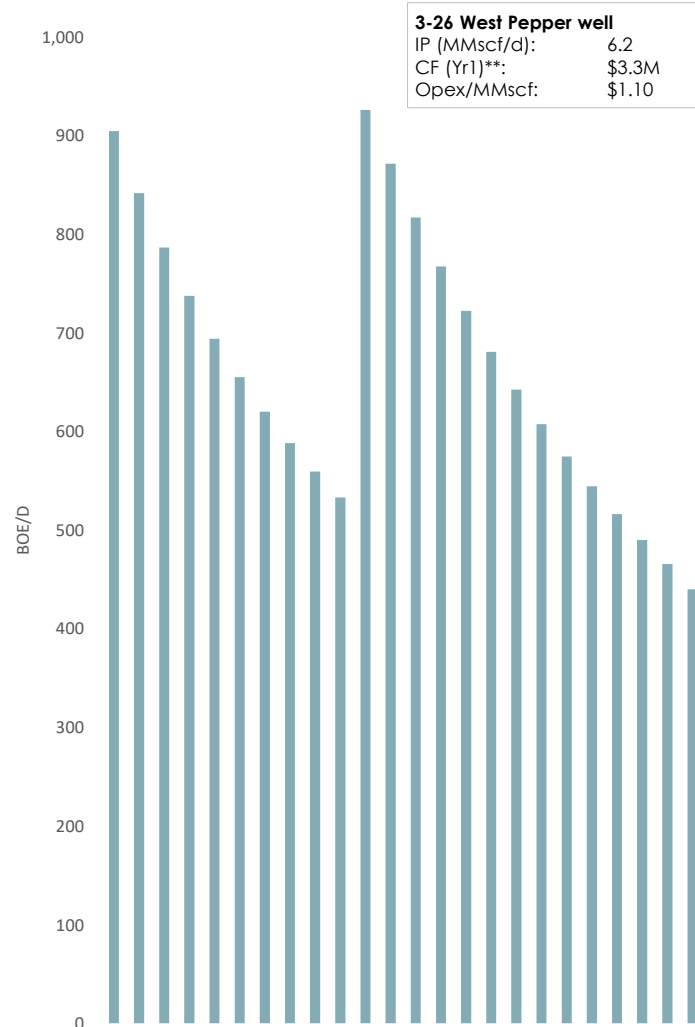
## Overview

- Low-risk, low-cost, behind-pipe natural gas discovery; production in a rising gas price environment in Alberta, Canada
- Arrow tied-in the 3-26 West Pepper Montney well in December 2021 at a cost of \$1.3 million, adding initial production of 1,030+ boe/d (exceeded expectations by 13%)
- Option to tie-in of East Pepper Montney well – additional news expected in near-term

## Location | Map



## Canadian Potential Production (Fir + W. Pepper + E. Pepper)



# Clear Path to Value Creation



New mgmt. team and renewed Board

**Reduced** Operating and G&A costs

**Resumed production** from the RCE-1 well (Tapir Block)

**Completed the sale** of the LLA-23 Block

**De-leveraged** the balance sheet

**Resumed production** at Oso Pardo

**Successful financing and listing** on AIM

**Drill up to 4-5** Rio Cravo Este wells on Tapir Block, Llanos Basin

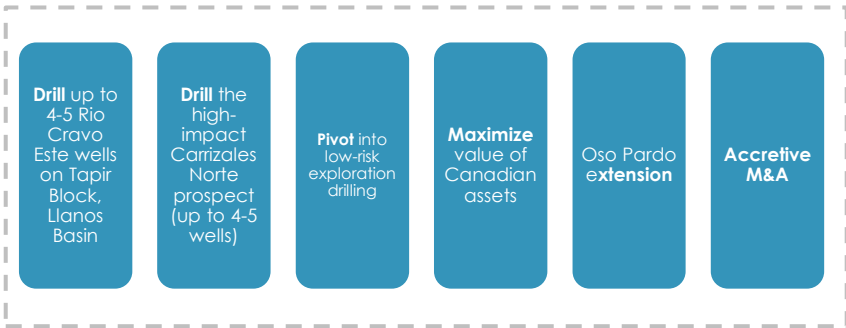
**Drill the high-impact** Carrizales Norte prospect (up to 4-5 wells)

**Pivot** into low-risk exploration drilling

**Maximize** value of Canadian assets

**Oso Pardo extension**

**Accretive M&A**



Underpinned By **A Commitment to ESG Best Practices**





# Appendix

## Management Achievements Since Taking Over in April 2020

Management accepted below-market cash salaries to turn around the Company; non-executive compensation also limited.

Stabilized the Company

Terminated an onerous off-take contract at no cost

Reduced excessive staff count in Colombia by nearly 70%

Completed the sale of the non-core, higher-cost LLA-23 Block for \$12 million to COG Energy (a Carlyle Group company)

Reduced annual G&A costs by over 40%, from \$7.2 million in 2019 to \$4.3 million in 2020

Re-built the Company's relationship with Petrolco (50% partner on the Tapir Block) and re-started production from RCE-1 well

Negotiated discounts of \$1.2 million on Accounts Payable incurred by prior management; obtained \$2.3 million in forgiveness of interest and pipeline-related charges

Raised £8.8m/\$12m via a placing and admission to AIM in October 2021

# West Pepper Well

December 2021 Tie-In



Sweetening unit



Pipeline installation



Stripping and grading



Valve



Piping from wellhead



Wellhead and piping

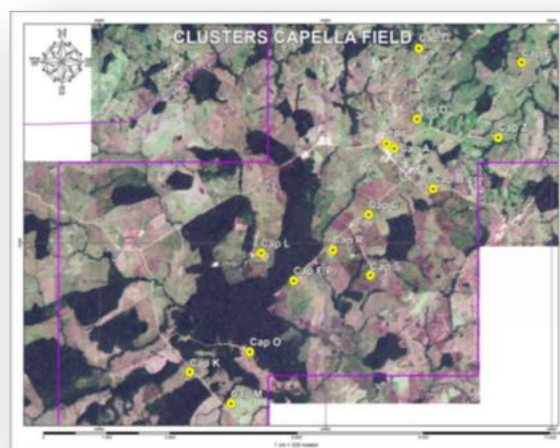
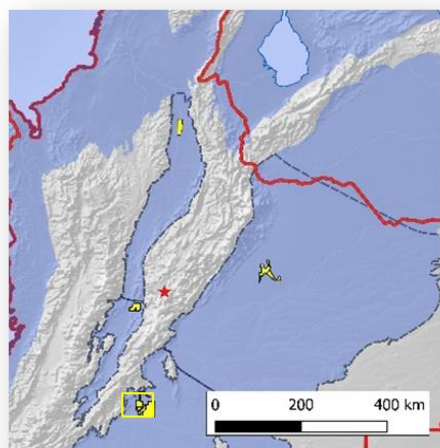
# Non-Operated Production

## Ombu Block (10% W.I.)

### Overview

- 10% working interest in the Ombu Block which contains the Capella discovery, the largest oil discovery in Colombia in the past 20+ years
- Emerald Energy (Sinochem) is the operator
- 2020 Year-End Arrow 2P reserves of 4.0 MMbbls of 8–11 degree API heavy crude oil
- Production re-started in March 2021, interrupted by roadblocks, and re-started again in June 2021; high break-even oil price
- Estimated production of ~ 190 bbls/d, net to Arrow (as of March 2022)
- Arrow's corporate philosophy is to have high working interests and operatorship; opportunity to exit this non-core asset, including extinguishment of all past, present, and future liabilities, would result in uplift to corporate netbacks, strengthened balance sheet

### Location | Map

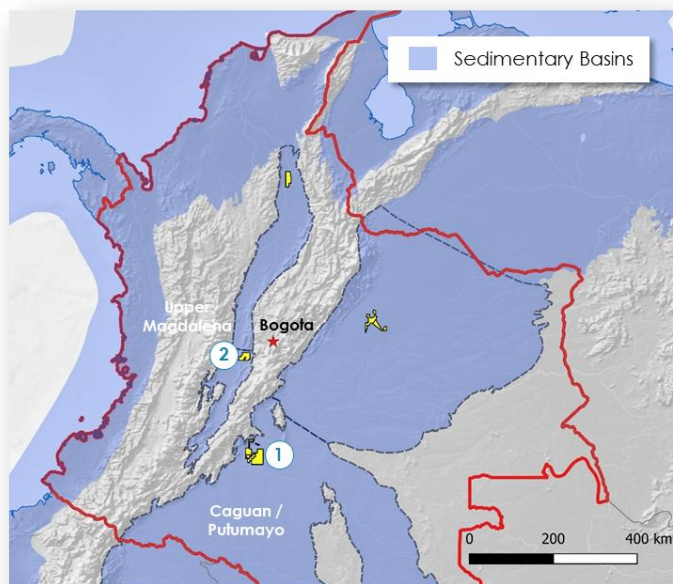


# Additional Colombian Assets

## Overview

Asset	Net Acres	Basin	W.I.	Status	Operator
1. Los Picachos / Macaya	93,009	Caguan/ Putumayo	38%	Force Majeure	Hupecol
2. COR-39	95,111	Upper Magdalena	100%	Suspended	Arrow

## Location | Map



# ESG In Action

Community Program: Aguachica (Communities of Loma de Corredor and La Ye Village)



# Corporate Information

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