
ARROW

EXPLORATION

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

AIM | TSXV : AXL
January 2023

Corporate Presentation



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Arrow Exploration

Growing & Socially-Responsible Colombia-Focused Energy Company



2
opportunity rich
Columbian
basins

550
→
3,000
boe/d within 18
months

6
additional low-
risk wells by H1
2023

7.9
Mmboe 2P
reserves – Q2
review

\$150
million
2P reserves – Q2
review

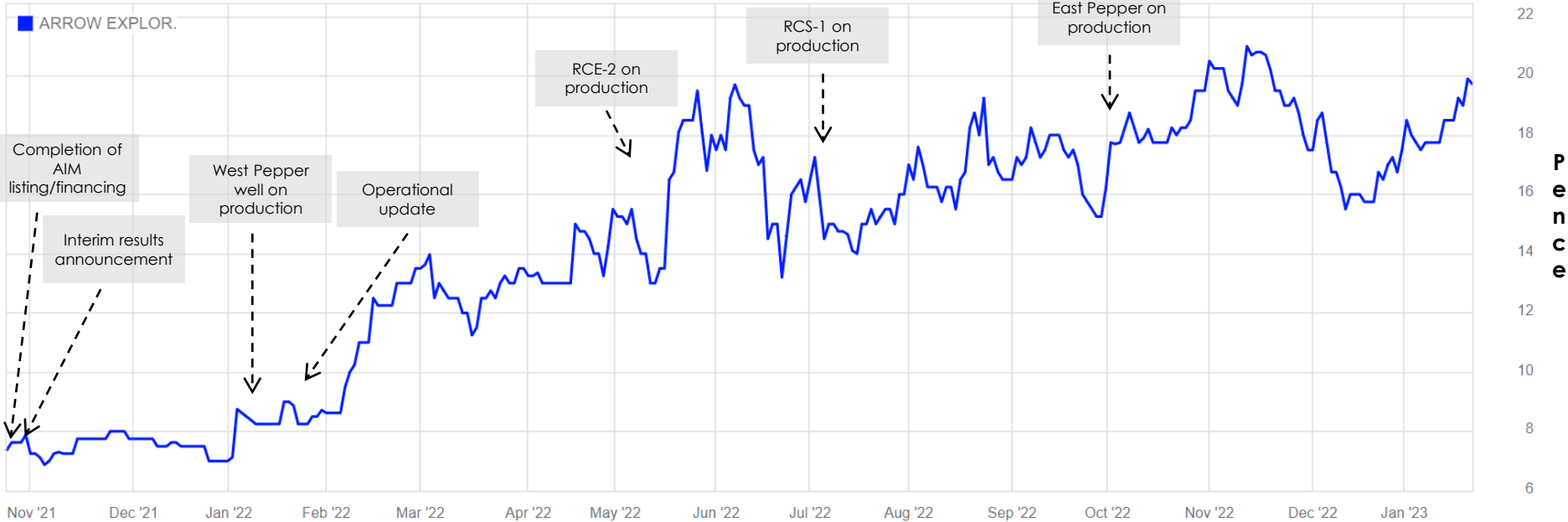
**Pursuing
accretive
acquisitions**

**Compelling
valuation**

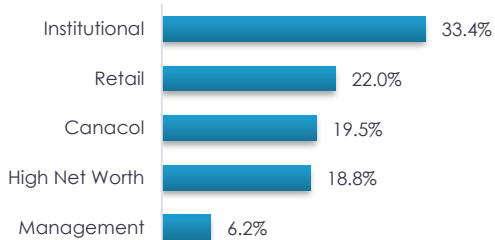
**Seasoned
executive
team and
Board**

**Committed
to ESG**

Corporate Snapshot



Share Ownership



Analyst Coverage

Firm	Analyst Name
Auctus Advisors	Stephane Foucaud
Arden Partners	Daniel Slater
Haywood Securities	Christopher Jones
Canaccord Genuity Limited	Charlie Sharp

Market at January 1, 2023

\$57.9M CAD
(\$45.8 USD)

Market Cap

\$13M USD

Cash at January 1, 2023

218M

Shares O/S (303M fully-diluted)

Assets

1,900 - 2,100 BOE/D

Production Capacity is significantly higher

7.9 MBOE

2P Reserves at June 30, 2022
Q2 review underway

\$57/bbl USD

Colombia Field Netbacks³ at Dec. 2022

Valuation

1.75x

Price/2023E Cash Flow

\$18,813

Ent. Value²/BOE 2022 Exit Production

\$5.49

Ent. Value¹/BOE 2P Reserves

1. Enterprise Value = Market Cap plus Debt minus Cash.
2. Boury GEC December 31st, 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 (Capella)

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



Maria Charash
NED (I)



Grant Carnie
Senior NED (I)



Anthony Zaidi
NED



Ravi Sharma
NED



Joe McFarlane
CFO



Giovanni Flautero
VP, Engineering



Phil Miller
SVP Exploration



Alex Mora
VP, Finance



Mike Ponto
VP

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

... + 5 Others



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.

We hire locally from areas where we operate – all our employees in Colombia, are Colombian.

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.

ESG In Action

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



In 2022, the Tapir operations have spent more than \$3 million with local companies and over \$450,000 on social and environmental projects.



La Ye Village School



Construction plate



Water improvement project



Aqueduct improvement work



New fitness park



Church and parish maintenance



Church and parish maintenance



Road maintenance



Water tanks



Water tanks



Structural reinforcement



Asbestos tile removal

Colombian Oil & Gas Industry

Key Takeaways



Attractive Fiscal Terms

Government very supportive of the oil and gas industry (40%+ 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

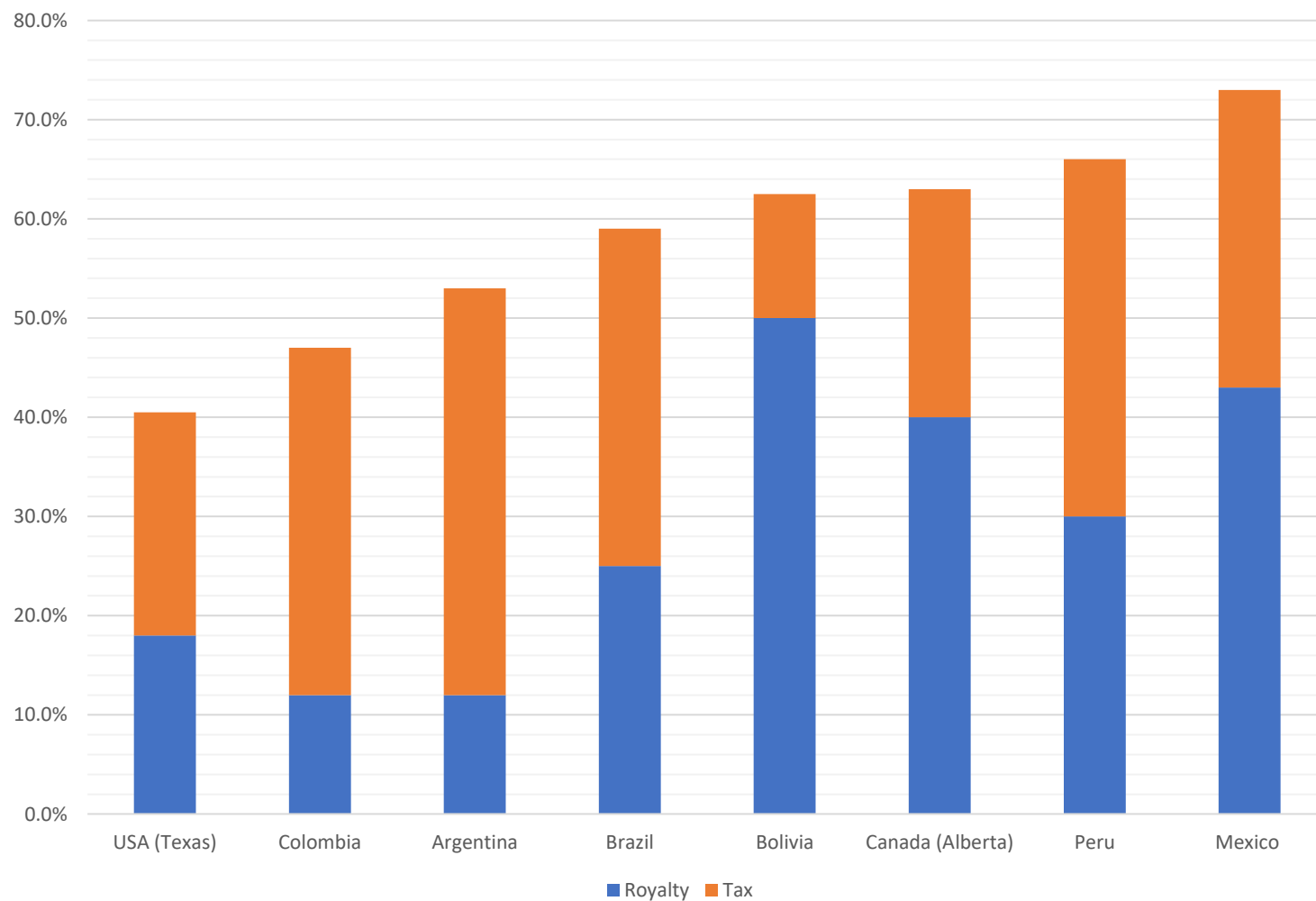
Excellent pricing based on Brent less Vasconia Differential (\$2-\$5/bbl)

Tapir Netback

Brent Price	NB
\$80	\$57.24
\$70	\$49.44
\$60	\$44.16

Attractive Fiscal Terms

Still top decile fiscal regime worldwide.



Asset Overview

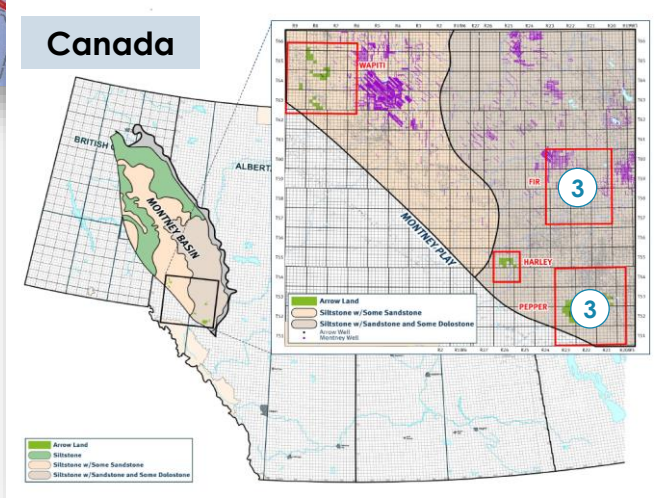
Asset	Country	Basin	W.I.	Current Production ⁽³⁾ (boe/d, net)	Operator
1. Tapir	Colombia	Llanos	50% ⁽¹⁾	830	Arrow ⁽²⁾
2. Oso Pardo	Colombia	MMV	100%	105	Arrow
3. Alberta	Canada	WCSB	100%	820	Arrow & other
4. Ombu	Colombia	Putumayo	10%	260	Emerald

Core Assets

1. Tapir	Colombia	Llanos	50% ⁽¹⁾	830	Arrow ⁽²⁾
2. Oso Pardo	Colombia	MMV	100%	105	Arrow
3. Alberta	Canada	WCSB	100%	820	Arrow & other

Total Production	2,015
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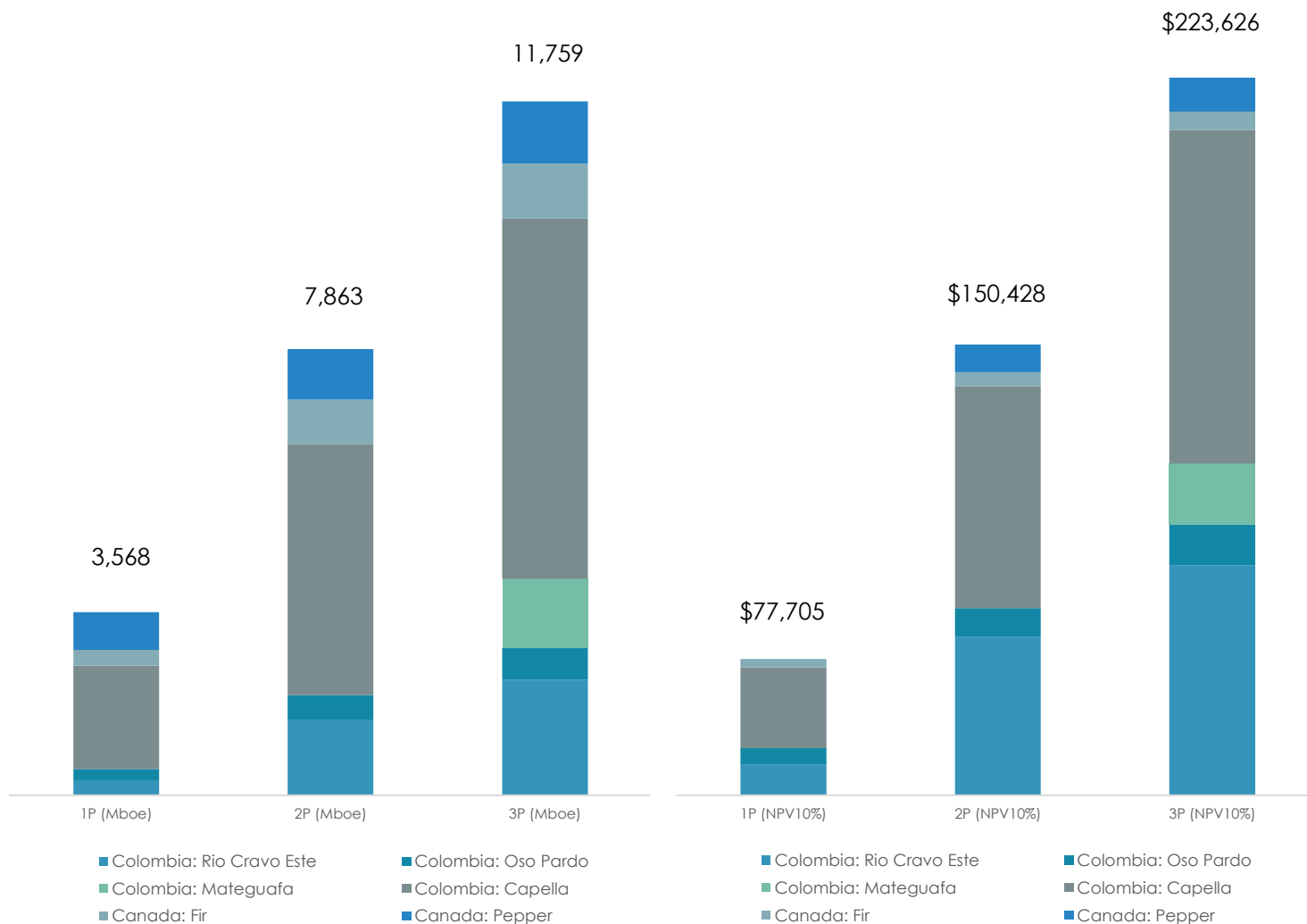
1. Arrow's beneficial 50% interest in the Tapir block is contingent on the assignment by Ecopetrol.
 2. By way of JOA contract with PetrolCo. Arrow's beneficial 50% interest in the Tapir block is contingent on the assignment by Ecopetrol of such interest to Arrow.
 3. Estimated at December 1, 2022.



2022 Mid-End Reserves

06-30-2022 Price Deck

Year	\$/bbl Brent
2022	110.00
2023	94.00
2024	85.00
2025	81.00
2026	82.62
2027	84.27
2028	85.96
2029	87.68
2030	89.43
2031	91.22
2032	93.04
2032+	+2% per year

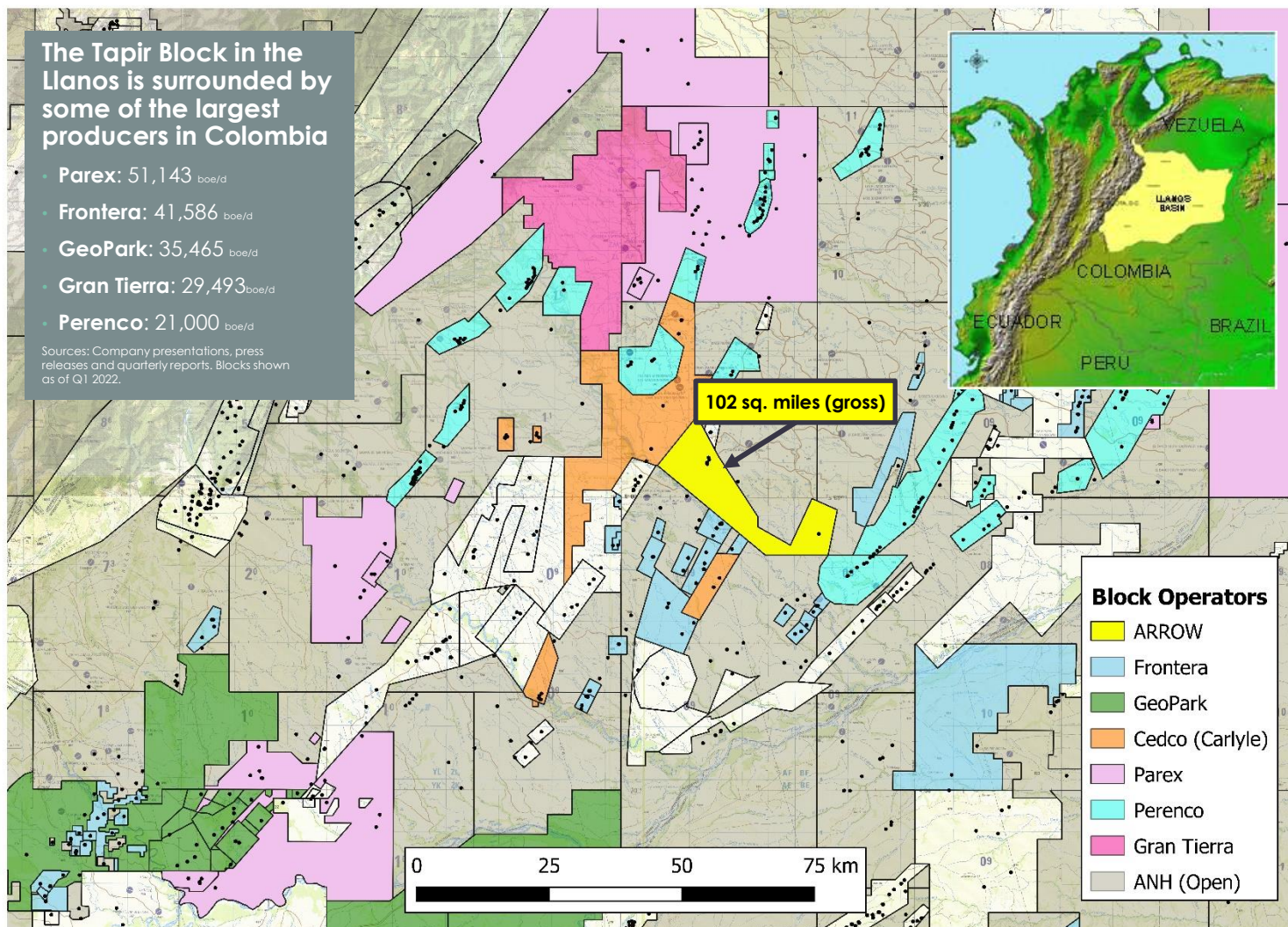




Colombian Oil Portfolio Llanos Basin

Llanos Basin

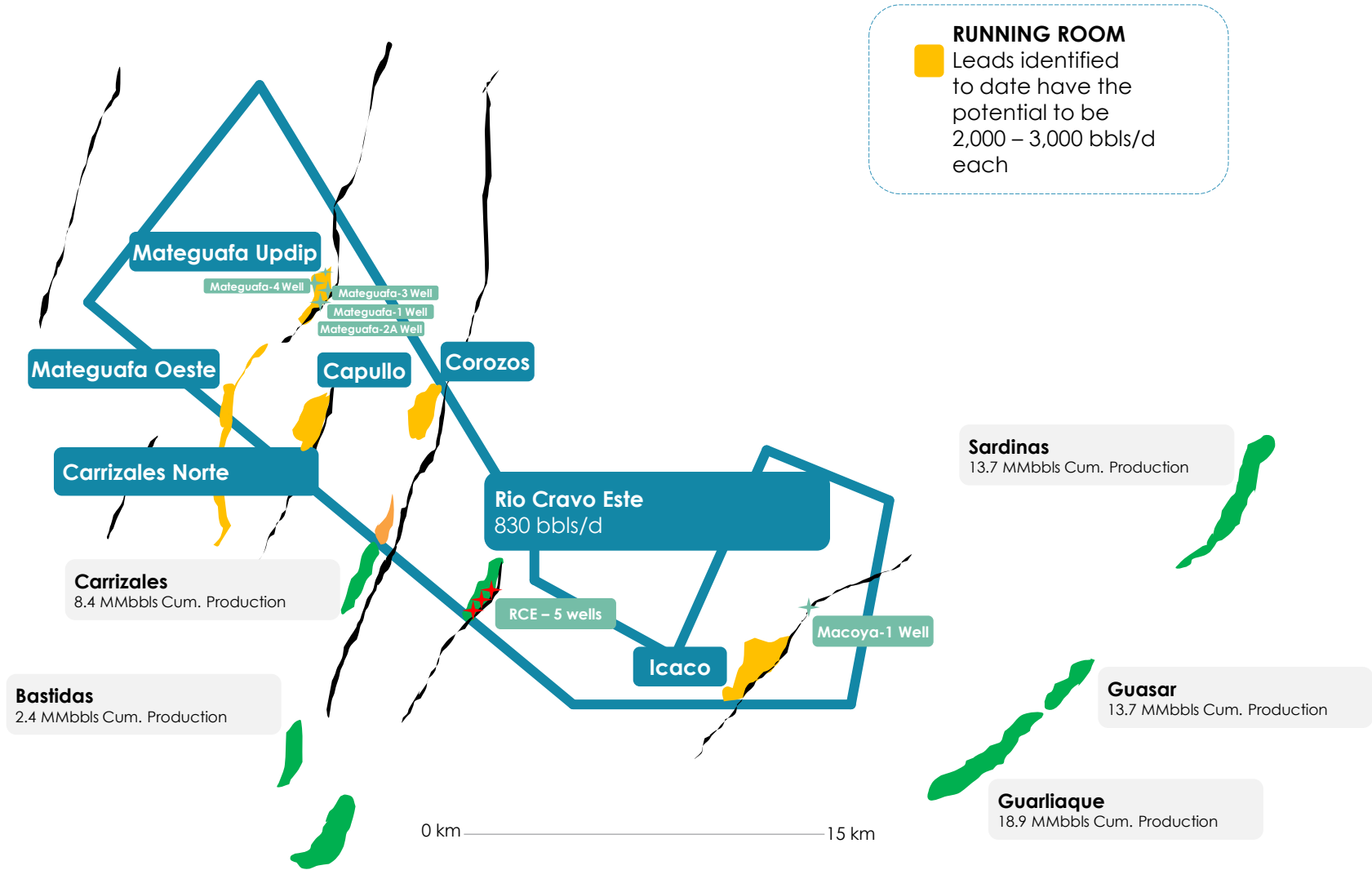
The 'Park Avenue' of Colombia's Oil Industry – Safe, Secure and Highly-Desirable



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

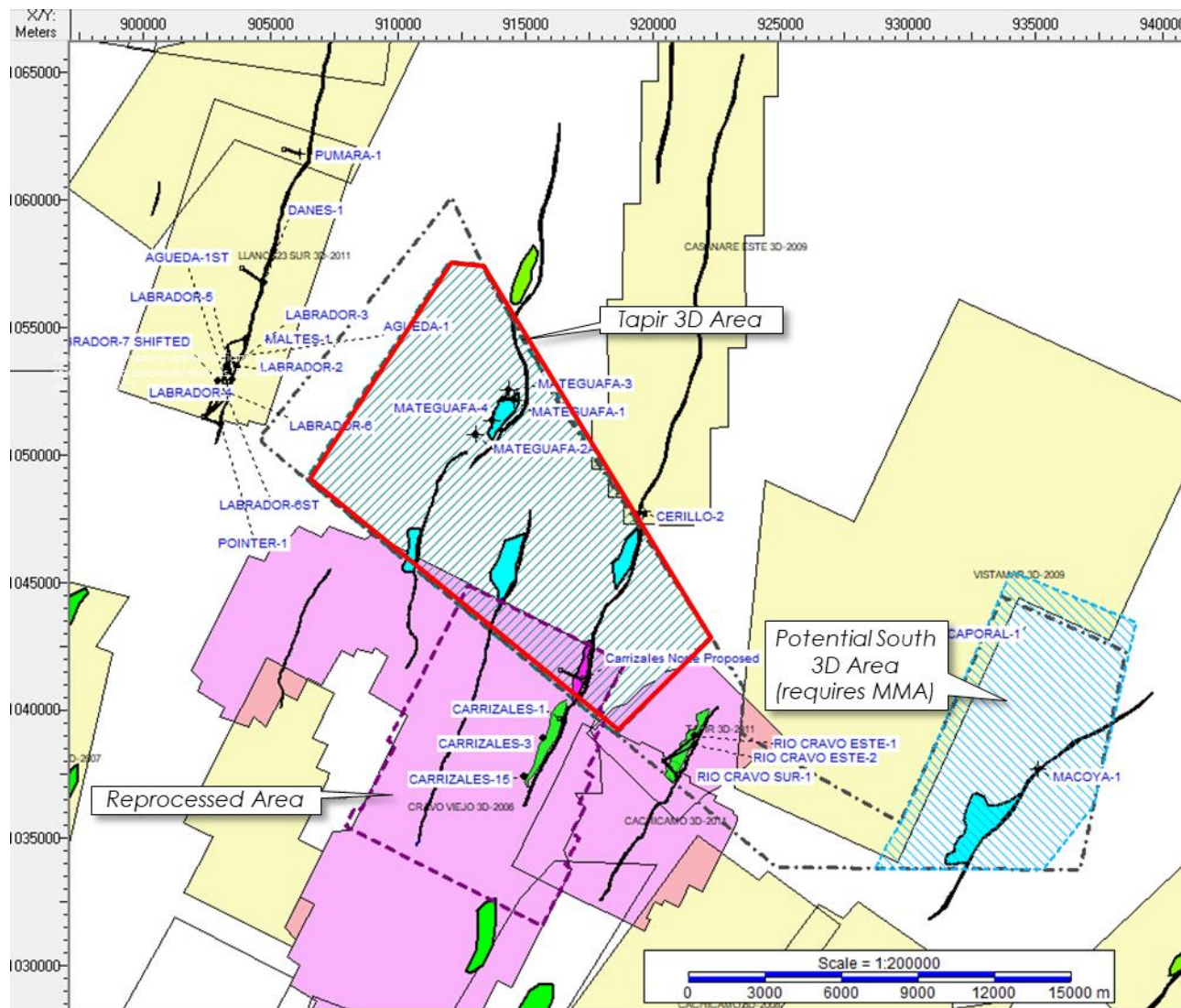
Tapir Block: Proximate Field Production

38.5 MMbbls Produced¹



1. As of the end of 2020

Tapir 3D Seismic in Progress - Q1 2023



- Arrow Owned or Purchased
- Available 3D Data for Purchase
- Proposed Tapir 3D (134 km²)
- Potential Tapir South 3D (70 km²)
- Cravo Viejo Reprocessing
- Oil Fields
- Prospects
- Leads
- Faults

Tapir Block: Features and Opportunities

1 Key Characteristics ...

Excellent subsurface fundamentals

Multiple high-quality reservoir targets

Multiple targets 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 1,000 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 shoot in progress 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 5-6 wells)

- RCE-2 well spud on April 2, 2022: well has tested oil in three zones and came on production at 550 bbls/d net at the end of May and production remains flat to November 15, 2022; same structure as RCE-1. **RCE-2 paid out in 37 days.**
- RCS-1 (formerly named RCE-3), which reached TD on June 3, 2022 encountered potentially six oil-bearing reservoirs, two of which were not evident in the RCE-1 or RCE-2 wells. Came on production on July 1, 2022 from the Carbonara C7B at a suppressed rate of 600 bbls/d net.

2. Carrizales Norte

- Drill Carrizales Norte-1 – low-risk step-out well considered to be an extension of the Carrizales Field

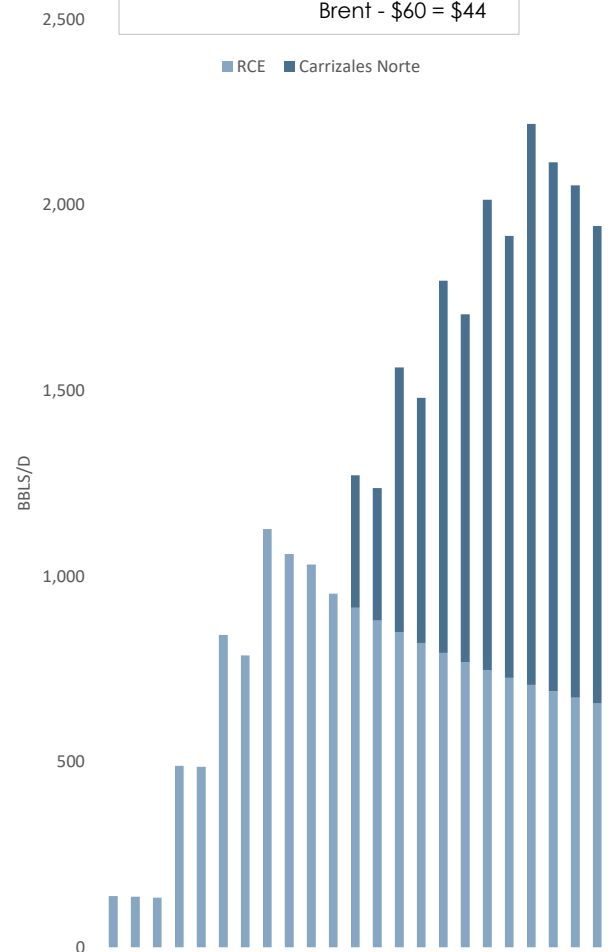
RCE Drilling Operation | Oil Production Facilities



Tapir Block Potential Production (net to Arrow)

Type well

IP forecast (per zone): 360 bbls/d, net
 Payback*: 3 months
 CF (Yr1)*: \$8.8M, net
 Well cost: \$2.0-\$2.5M, net
 Opex/bbl: < \$7.50
 Netbacks*: Brent - \$80 = \$57
 Brent - \$70 = \$50
 Brent - \$60 = \$44



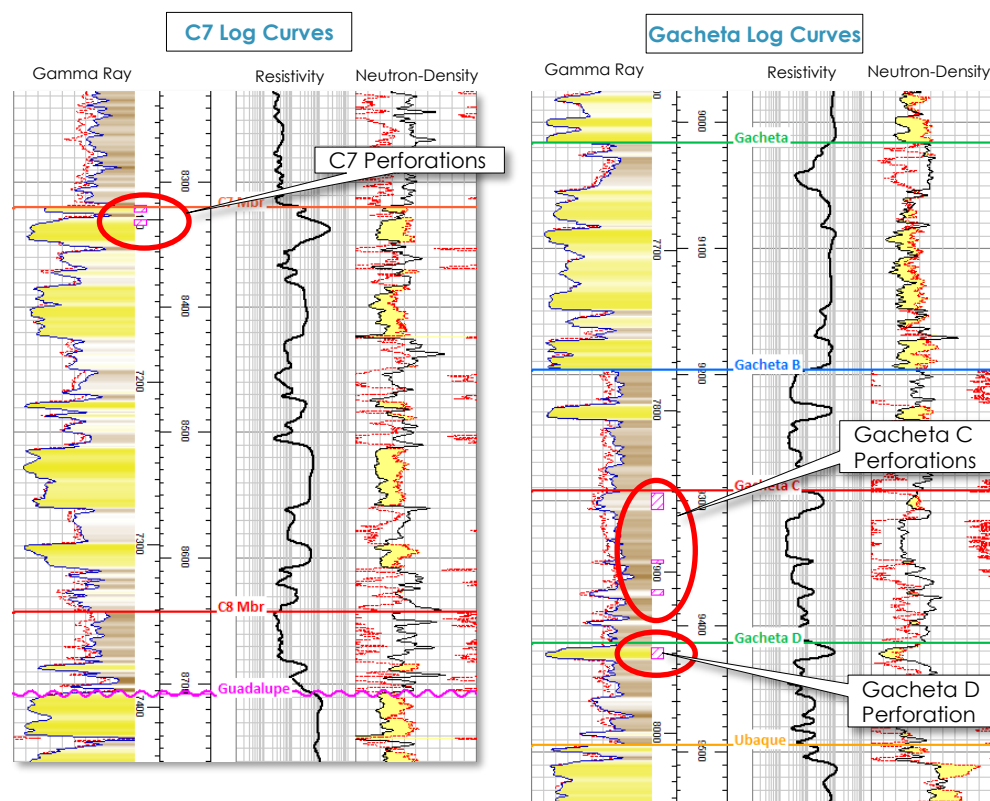
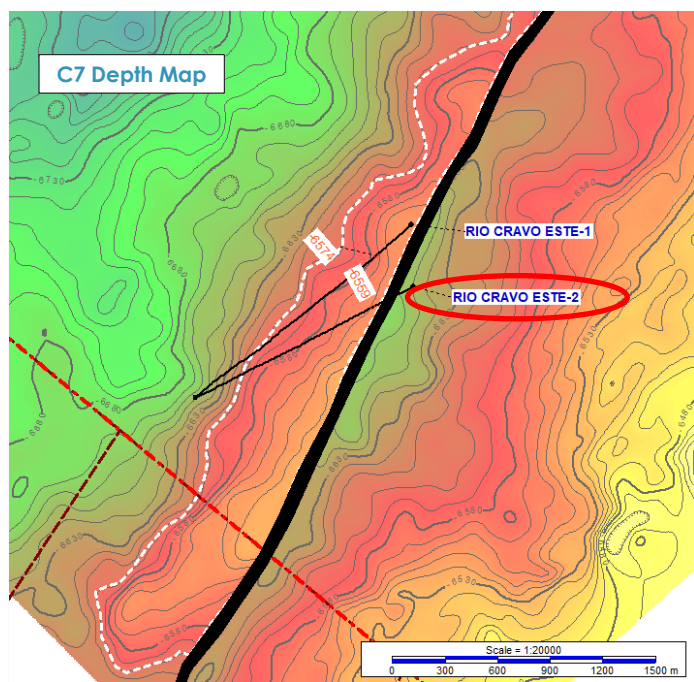
* Arrow's 50% interest in the Tapir block is contingent on the assignment by Ecopetrol of such interest to Arrow.
 * Management estimates based on strip pricing as of December 2022

Rio Cravo Este-2 Appraisal Success

Adding Material Production and Reserves

- RCE-2 spud on April 2, on production May 23
- Well was drilled closer to fault and formation tops are 15 to 40 feet higher than RCE-1
- Three production tests were conducted and proved a total of 66 feet net oil pay (47 feet TVD) and a combined production potential of 2,900 bbl/day*
- Additional 24 feet of potential pay identified on logs
- Production currently from the C7A formation at 535 bbls/d net

Zone	Net Pay (ft TVD)	Test Rate (bbl/d) *	API Gravity	Forecast Production Rate (bbl/d) *
Carbonera C7	20	1,199	28.7	1,000
Gacheta C	17	194	24.9	300
Gacheta D	10	579	13.4	600
TOTALS:	47	N/A	N/A	1,900



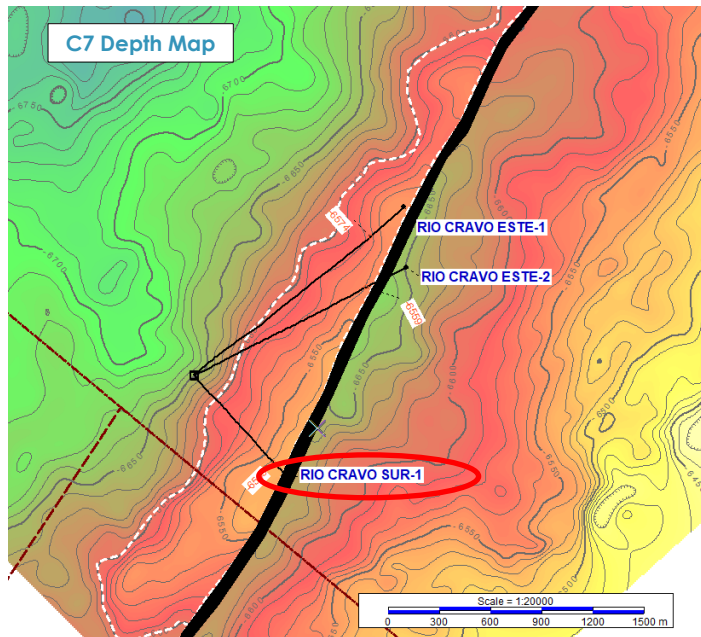
* Production rates are expressed at 100% working interest

Rio Cravo Sur-1 Appraisal Success

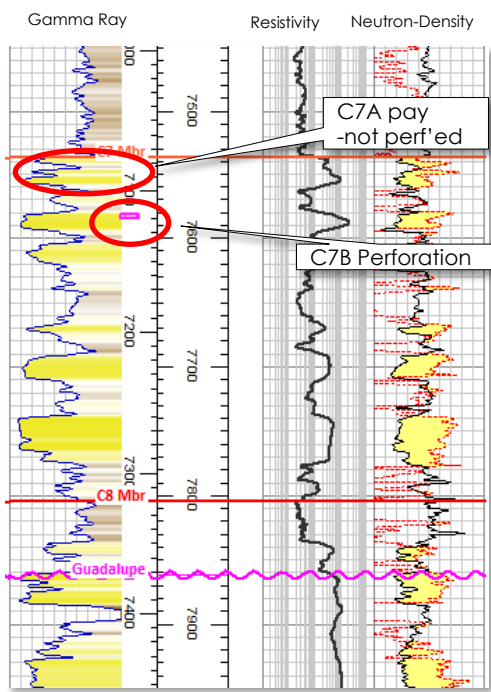
New Producing Zones Encountered

- RCS-1 spud on May 23 and on production as of June 29, 2022
- The well was drilled 1.3 km south of existing wells and has confirmed the mapped field extent
- Two new pay zones encountered: C7B and Ubaque
- Two production tests were conducted and proved a total of 28 feet net oil pay (26 feet TVD) and a combined production potential of 1,700 bbl/day*
- Additional 22 feet TVD of potential pay identified on logs from proven oil-bearing zones in RCE-2
- On production from the C7B formation at a rate of 175 bbls/d net
- Q4 workover paid out in 17 days

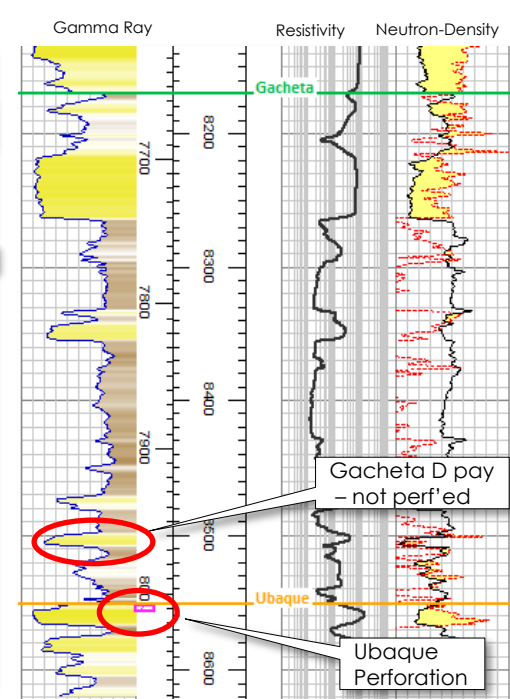
Zone	Net Pay (ft TVD)	Test Rate (bbl/d) *	API Gravity	Forecast Production Rate (bbl/d) *
Carbonera C7A	14	N/A	N/A	N/A
Carbonera C7B	12	1,872	30	1,000
Gacheta D	8	N/A	N/A	N/A
Ubaque	14	184	13	300
TOTALS:	49	N/A	N/A	1,300



C7 Log Curves

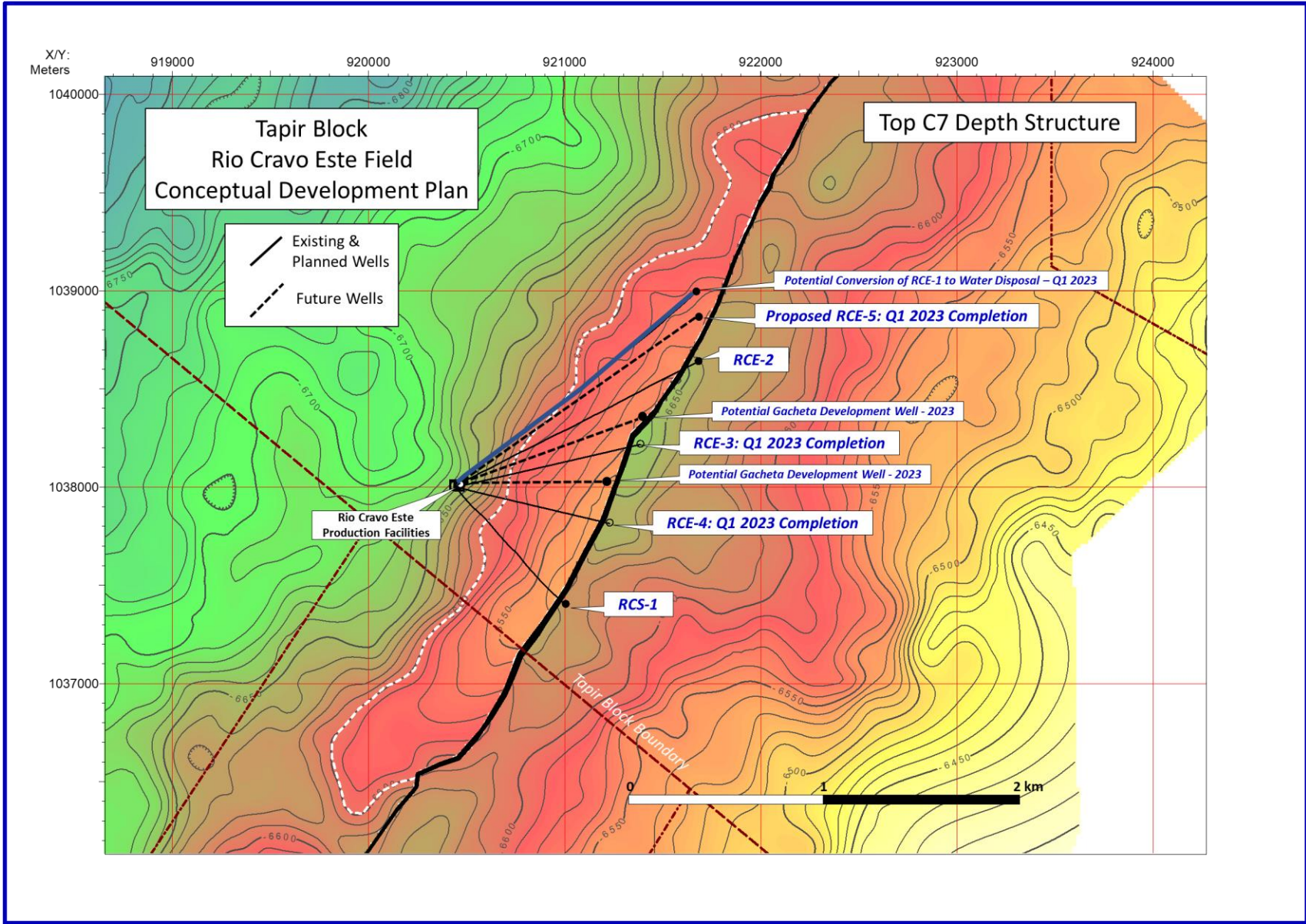


Gacheta - Ubaque Log Curves



* Production rates are expressed at 100% working interest

Rio Cravo Este Development Concept



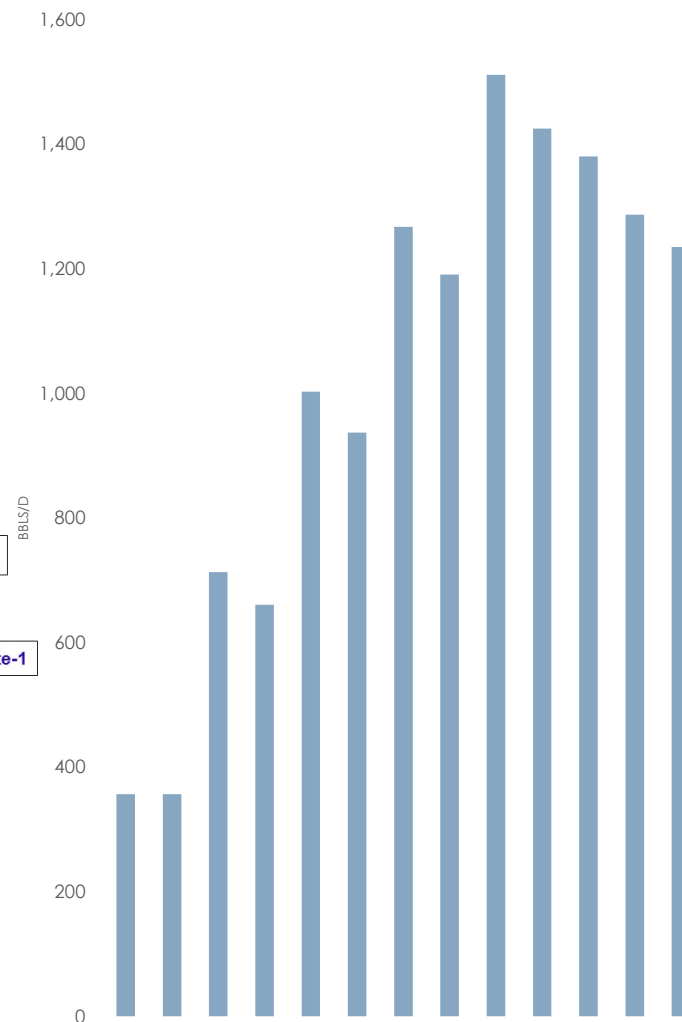
Future Production

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

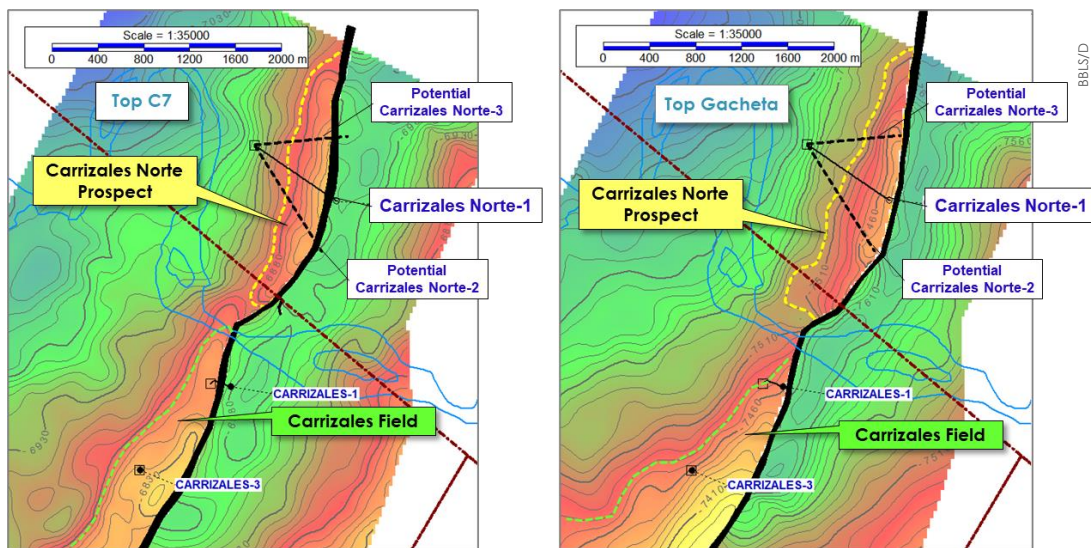
Overview

- **Carrizales Field:**
 - 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
- **Carrizales Norte** – Civil and survey work underway:
 - 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
 - Arrow estimates a very high chance of commercial success (over 90%)

Carrizales Norte Potential Production (net to Arrow)

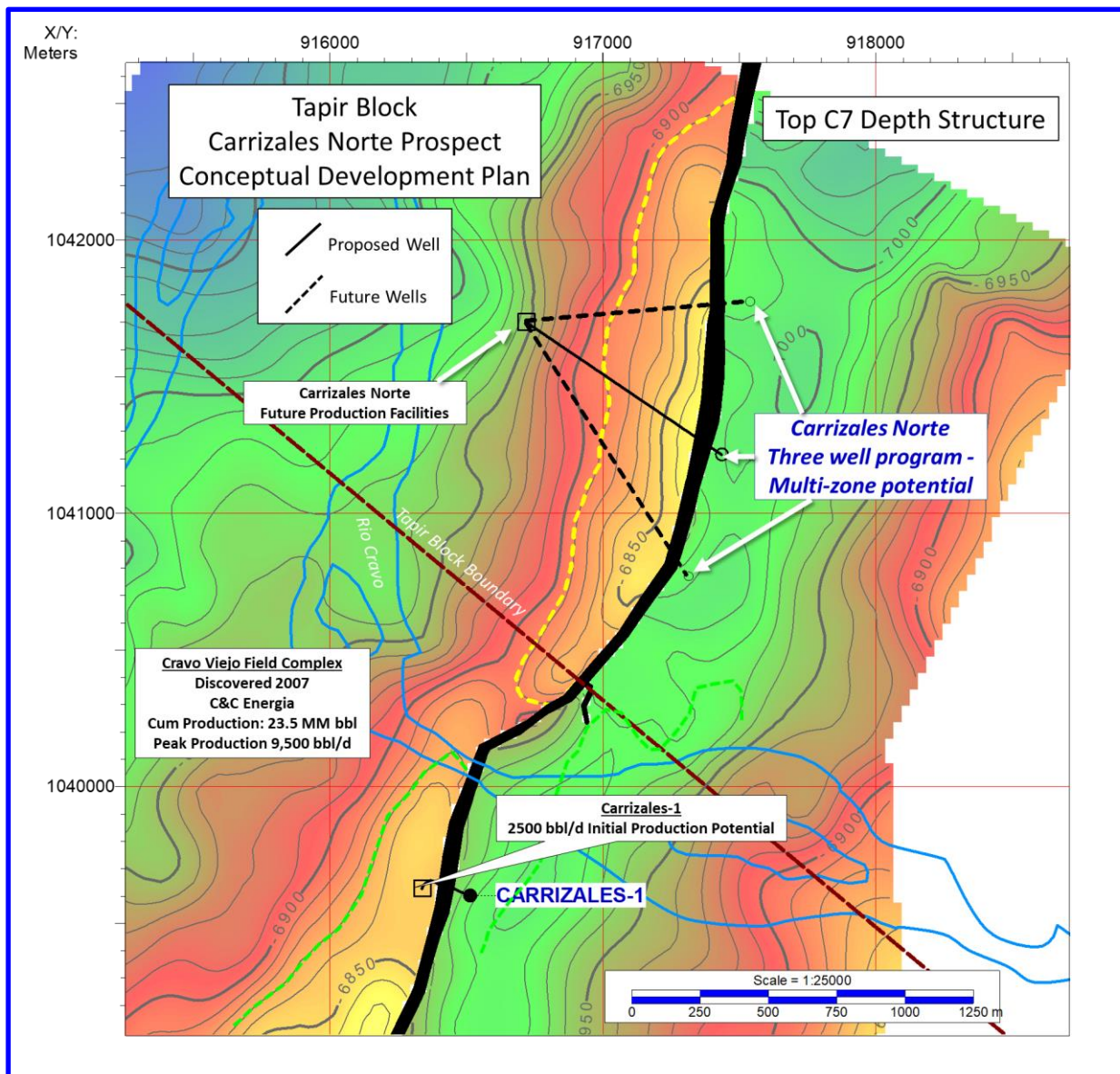


Depth Structure Maps



* Arrow's 50% interest in the Tapir block is contingent on the assignment by Ecopetrol of such interest to Arrow.

Carrizales Norte Development Concept





Colombian Oil Portfolio MMV Basin

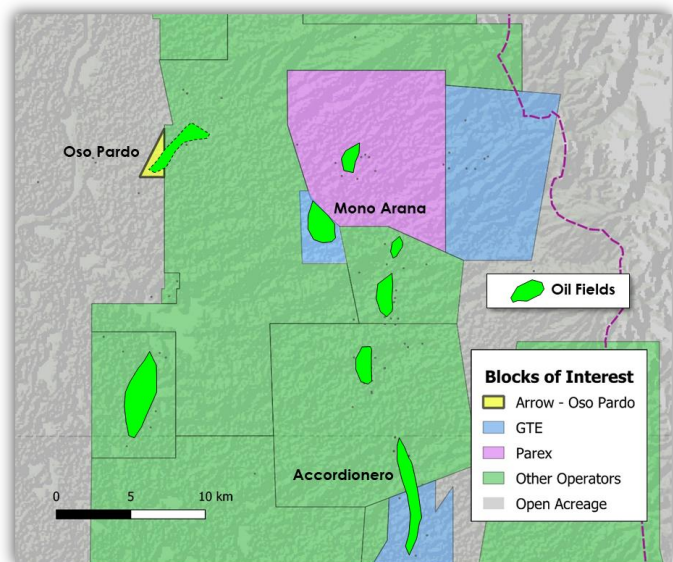
Current Production

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 has been formally submitted to the ANH.

Oso Pardo Site Photos



Future Opportunity Not Factored Into Production Forecast

Oso Pardo Extension (100% W.I.)

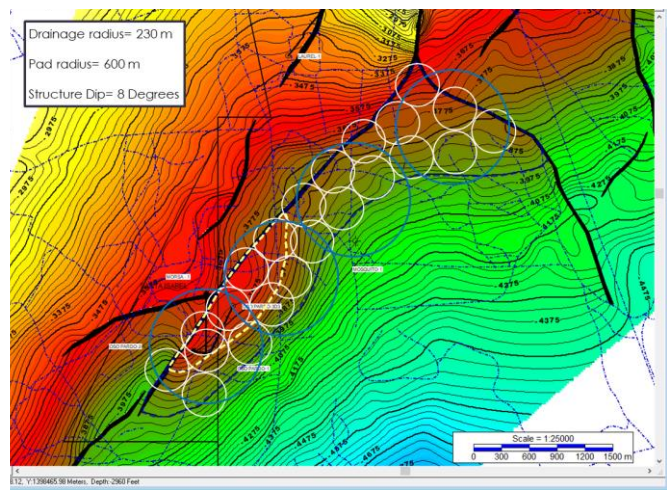
Existing block does not require a bid process

Overview

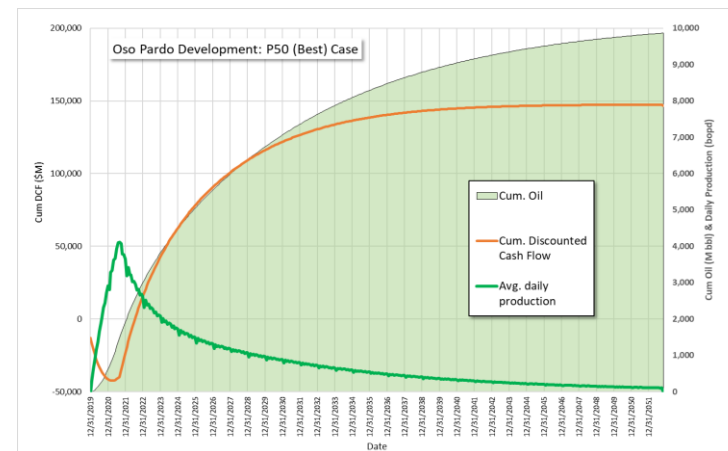
- Gaffney, Cline & Associates reserve study* snapshot:

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

Potential Field Development Configuration

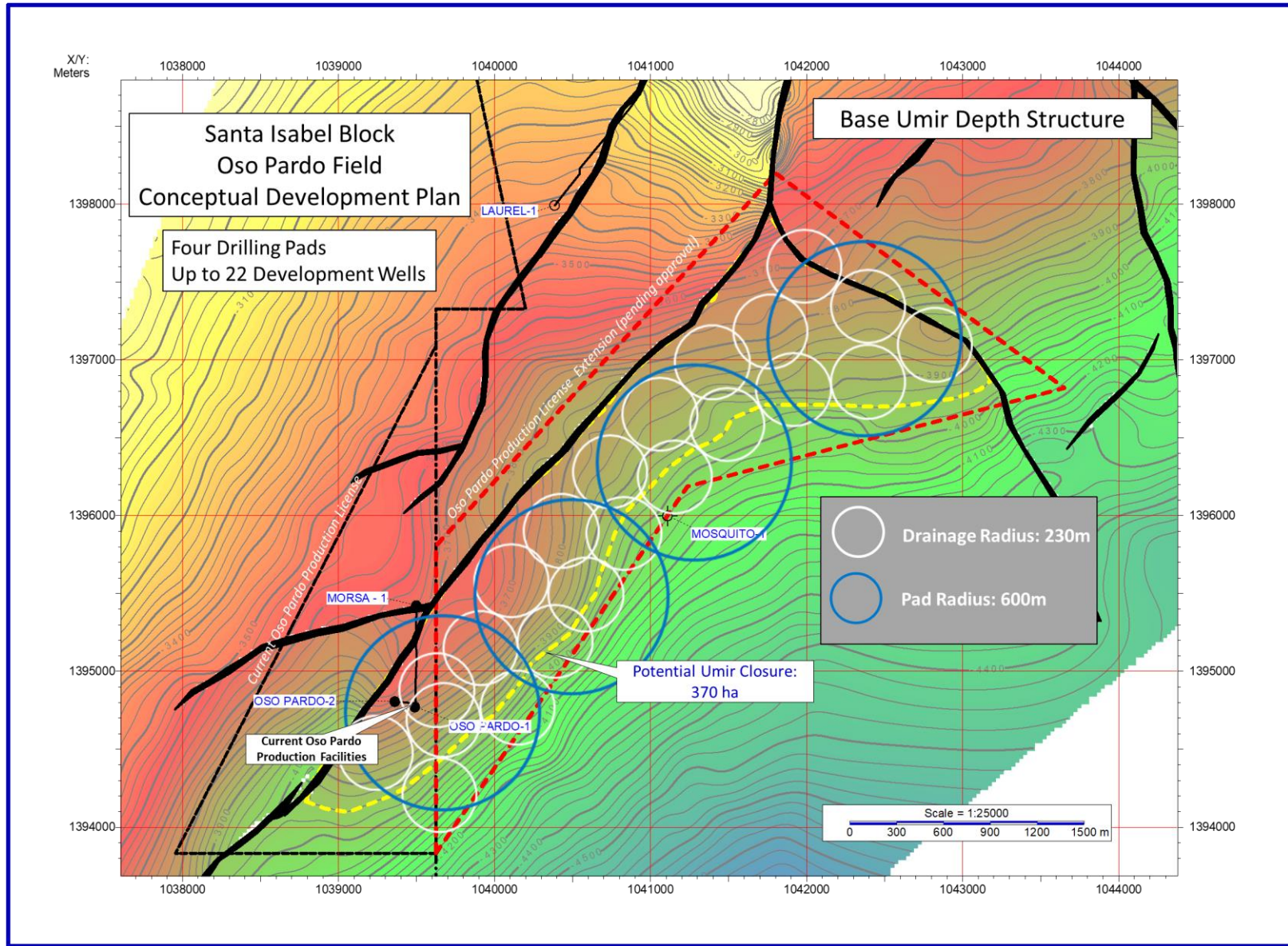


Oso Pardo Extension Potential Production Profile*



- Leveraging off the company's existing Oso Pardo development
- Arrow has applied 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
- Potential capex of \$4.0M per well, ex. well-pad*
- Overall development has been modelled by Gaffney Cline as reaching as much as 4,000 bbls/d, 100% WI, in the P50 case*
- Opportunity for Arrow to develop at 100%

Oso Pardo Development Concept





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

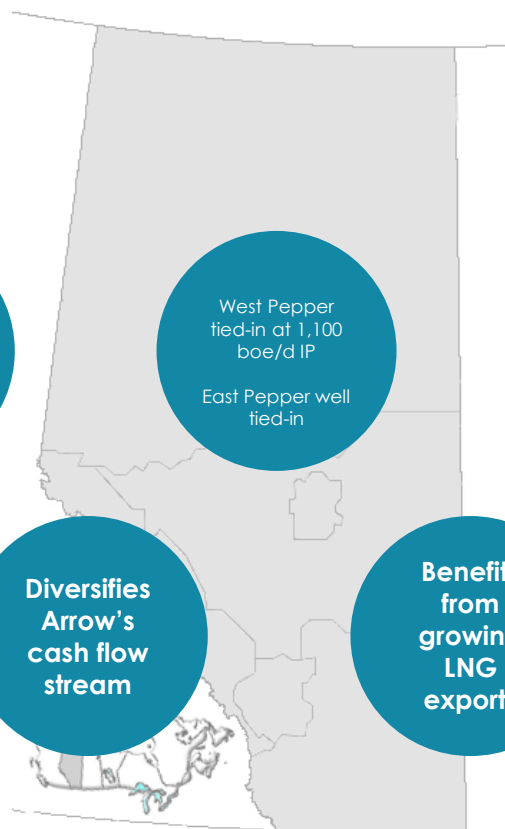
Diversifies Arrow's cash flow stream

West Pepper tied-in at 1,100 boe/d IP
East Pepper well tied-in

Benefits from growing LNG exports

Efficient payout on Arrow's wells

Optionality on realizing value from Arrow's assets



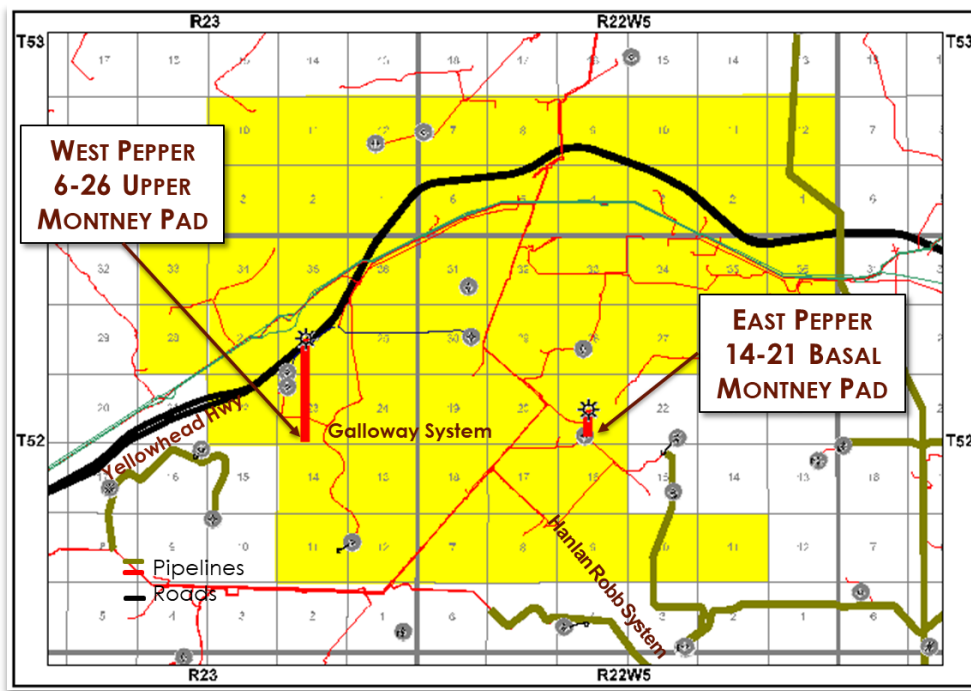
Current & Future Production

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 1,100 boe/d
- East Pepper Montney well tied-in and producing

Location | Map



East Pepper



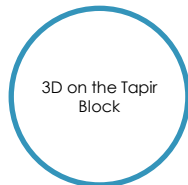
West Pepper

Near Time Catalyst

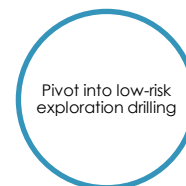
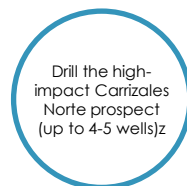
Complete



In Progress



Future



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

Colombia attractive fiscal regime

Near term production growth

Fully Financed – 10 well program

3D converts leads to prospects



Appendix

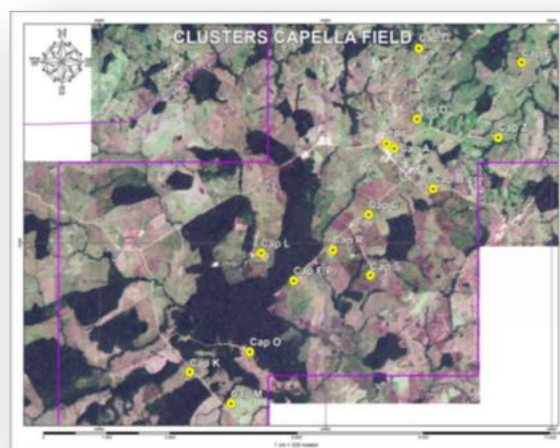
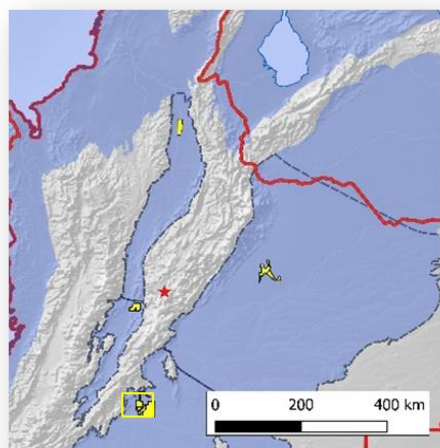
Non-Operated Production

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 ~ 260 bbls/d, net to Arrow (estimated January 2022)
- Arrow's corporate philosophy is to have high working interests and operatorship; opportunity to exit this non-core asset

Location | Map



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Corporate Information