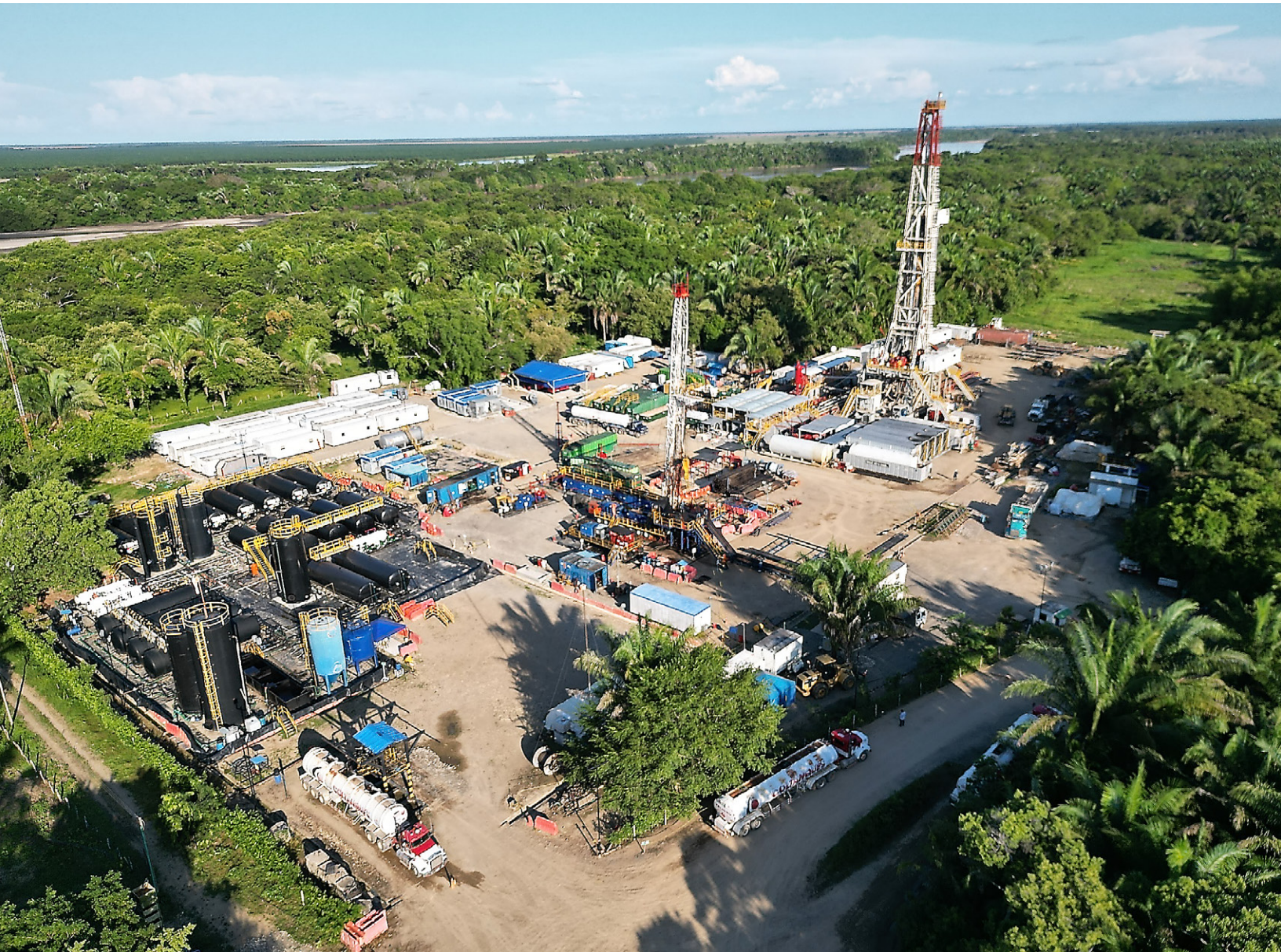




2023 ESG Report

Dedicated to sustainability,
ethical standards, and creating
a positive influence in all the regions.





Contents

Our Approach	2
Message from our CEO.....	2
About Arrow	3
Arrow Exploration’s Approach to ESG	4
About this Report.....	4
Environment	5
Land Preservation.....	6
Biodiversity.....	7
Water Management.....	8
Carbon Footprint	8
Waste Management	9
Social	10
Health and Safety	11
Diversity, Equity & Inclusion.....	11
Employee Development & Wellness.....	12
Stakeholder Engagement	13
Supply Chain Management	13
Community Investment	14
Governance	15
Anti-Corruption & Ethical Business Practices.....	16
Good Governance	16
Data Protection & Cyber Security	17
Risk Management	17



Message from our CEO

I am pleased to present Arrow Explorations’ inaugural Environmental, Social, and Governance (ESG) report. This milestone represents a significant leap in our dedication to transparency, sustainability, and responsible business practices.

In recognition of the evolving landscape of corporate responsibility, we undertook a comprehensive materiality assessment to identify areas of paramount importance to our organization, our stakeholders, and the global community. These material topics, each addressing critical aspects of our sustainability journey, guide our strategy and reflect our commitment to addressing the challenges and opportunities that lie ahead.

Through our ESG report, we aim to offer you an insight into our endeavors, achievements, and the obstacles we have encountered in these

material areas. Our report not only underscores our commitment to these topics but also traces our progress and outlines the steps we are taking to continually enhance our performance. Arrow Explorations is resolute in its pledge to be a responsible corporate entity, dedicated to sustainability, ethical standards, and creating a positive influence in all the regions in which we operate. We understand that our path towards greater sustainability is ongoing, and we are enthusiastic to embark on this journey with you, our valued stakeholders.

We appreciate your unwavering support, engagement, and collaboration as we work in unison to construct a brighter, more sustainable future for all.

Sincerely,

Marshall Abbott
CEO, Arrow Exploration



About Arrow

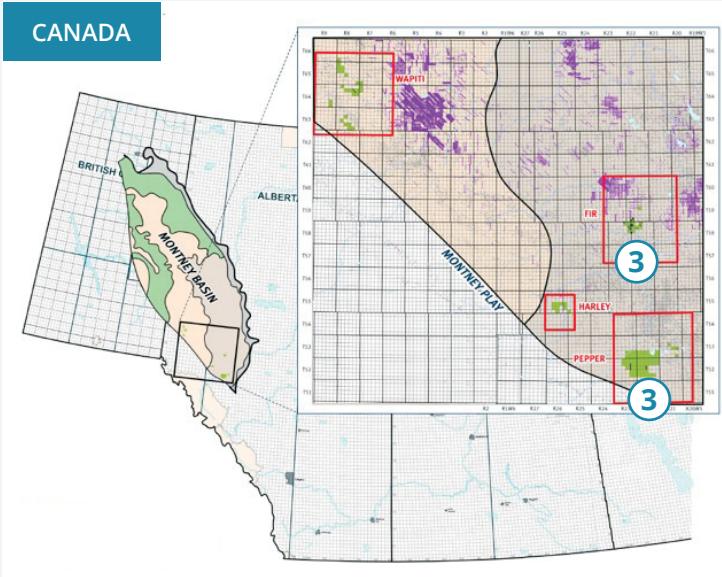
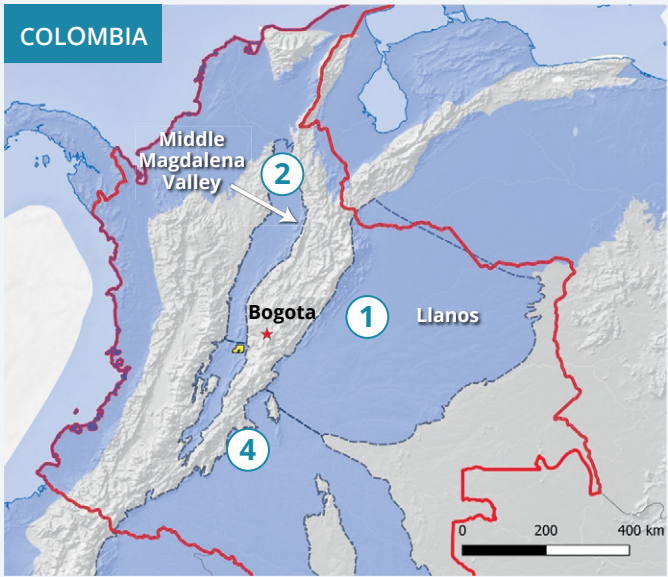
Arrow Exploration presents a strategic entry point into a region known for its exclusivity. Our core operations are centered in the Llanos Basin and the Middle Magdalena Valley (MMV) Basin in Colombia, where we've established valuable partnerships with leading operators in two key areas. Our portfolio is characterized by assets with strong potential for netbacks and near-term growth, with a focus on a prudent Return on Investment strategy. This approach prioritizes efficiency improvements, low-risk workovers, development efforts, and high-impact exploration. We maintain a substantial working interest across a vast land base spanning 65,000+ net acres in the Llanos Basin, the most prolific oil-producing basin in Colombia, positioning us for organic growth and long-term success.

Arrow is dually listed on the AIM (Alternative Investment Market) and TSXV (Toronto Stock Venture Exchange) under the ticker symbol AXL.

Arrow is honored to be listed and acknowledged on the TSX Venture as one of the top 50 award recipients for 2023 and on the AIM Exchange as one of the "Best Newcomer" awards for the same year.



Operational Areas



- CORE ASSETS**
- 1. Tapir, Colombia
 - 2. Oso Pardo, Colombia
 - 3. Alberta, Canada
 - 4. Ombu, Colombia

Sedimentary Basins

- Arrow Land
- Siltstone
- Siltstone w/Some Sandstone
- Siltstone w/Sandstone and Some Dolostone
- Arrow Well
- Montney Well



Arrow Exploration’s Approach to ESG

Arrow commits to using energy-efficient technologies in designing and distributing our products, reducing our waste, and creating a workplace that promotes and fosters inclusion and innovation.

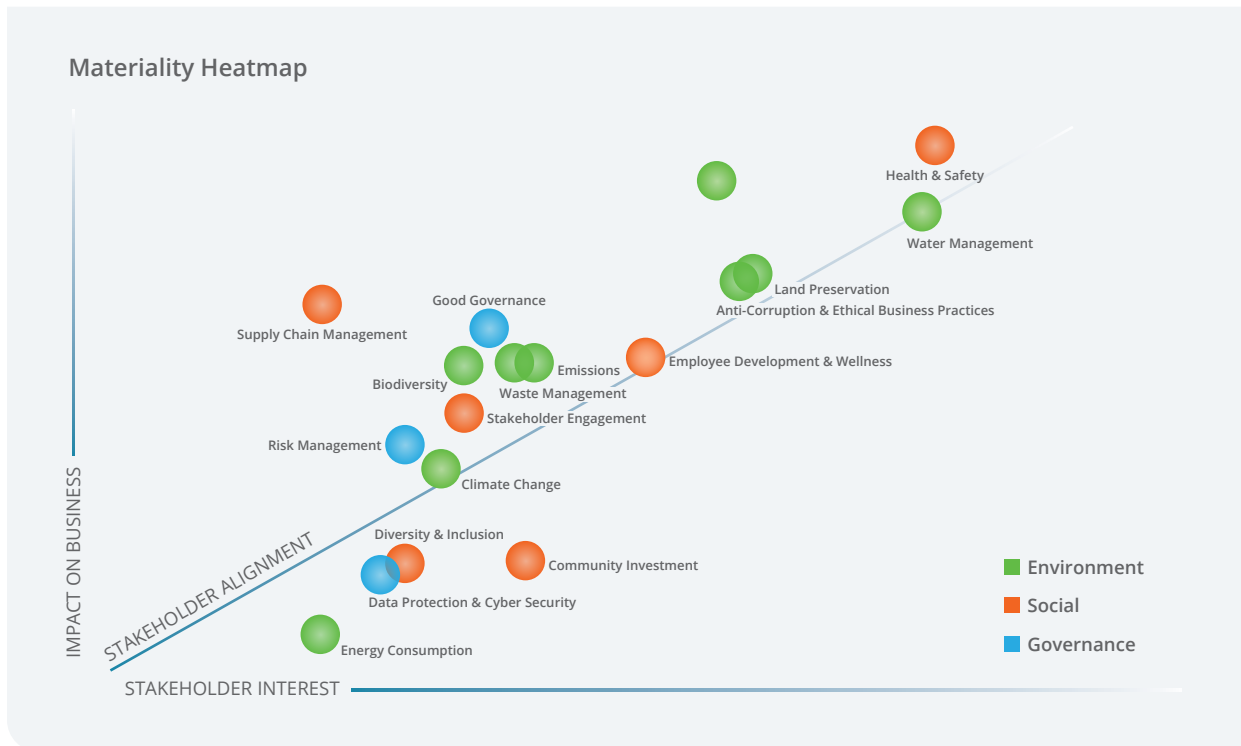
We are committed to continuously improving our ESG performance and reporting on our progress. We believe that by prioritizing ESG, we can create long-term value for our stakeholders, build a stronger and more resilient business, and make a positive impact on the world around us. We have embedded sustainability principles into our business practices, our decision-making processes, and our everyday activities and will continue to do so.

In 2023, we took an essential step in our journey by completing our first formal materiality assessment

to inform our sustainability strategy and to shape and prioritize the content of this report. We enlisted ESG-focused third-party guidance and referenced both the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) standards to complete our assessment in the three stages: topic identification, prioritization, and validation.

About this Report

This report outlines Arrow Explorations commitments and progress in Environmental, Social and Governance material topics. This report references and is in alignment with the GRI and SASB Reporting Frameworks. In this inaugural report, we outline areas of importance to our stakeholders and operations. All information in this report is accurate as of December 31st, 2023.





Environment



Arrow acknowledges that our operations have a significant impact on the environment. As such, environmental sustainability holds a vital position in our organizational priorities. To this end, we are diligently engaged in creating and executing sustainable strategies aimed at preserving the land where we operate, safeguarding local wildlife, preserving water resources, managing our carbon footprint responsibly, and optimizing waste reduction.



Land Preservation

Arrow Exploration’s commitment to land preservation extends beyond regulatory compliance, encompassing a comprehensive approach to minimize ground disturbance, prevent spills, and restore sites to their natural state. We are dedicated to safeguarding the environment and demonstrating responsible land management within our operations.

Over the past three years, our efforts to reduce ground disturbance have been tangible and consistent. In 2020, we operated six well pads, which have progressively decreased to four in both 2021 and 2022. This reduction not only underscores our commitment to environmental responsibility but also reflects our dedication to minimizing our footprint, especially in regions where we conduct our operations.

Our commitment to land preservation is prominently demonstrated in Colombia, where our drilling and operational platform is engineered to minimize land disturbance. In 2022, the average disturbed acreage was approximately 6 acres. This encompasses the 50% operational control of the Tapir site and our 100% operational control of the Oso Pardo site. Furthermore, our conscientious efforts extend to our Capella site in Colombia, where the disturbed acreage represents just 10% of the total site.

We are particularly proud of our record of having no reportable spills since inception. This achievement underscores our commitment to environmental protection and mitigation of any adverse impact on local ecosystems.

Our approach to asset abandonment is characterized by stringent practices involving the remediation and restoration of sites to their natural state. This process is undertaken at the end of a well’s economic life or as mandated by regulatory agencies, ensuring that our footprint on the land is temporary and leaves the environment in a condition that supports long-term ecological health.

Arrow Exploration is committed to proactive engagement with government authorities, regulatory bodies, and local communities to ensure strict adherence to and, where possible, surpassing relevant environmental regulations. Within our organizational culture, we place a paramount emphasis on fostering a transparent and cooperative relationship with all stakeholders, driving forward our land preservation initiatives.



Biodiversity

Arrow is committed to minimizing our environmental footprint and preserving biodiversity across our operational regions in Canada and Colombia. This commitment is ingrained in our practices, prioritizing the protection of local ecosystems and species. We are proud to report zero reportable spills, highlighting our stringent measures to prevent environmental incidents that could impact local biodiversity.



Our proven and probable reserves are strategically placed away from areas with protected conservation status or endangered species habitats, ensuring minimal direct impact on sensitive ecological regions. Arrow actively engages in initiatives to promote biodiversity and ecological health, including upcoming tree-planting projects pending government approval. Arrow is proud of its commitment to plant trees on approximately 10 acres within the next four years, emphasizing our commitment to reforestation and ecological balance, thus contributing to improved biodiversity. This commitment is made with the with the National Authority of Environmental Licenses, locally referred to as the Autoridad Nacional de Licencias Ambientales (ANLA).

Arrow proudly serves as a supporter and sponsor of the Ann and Sandy Cross Conservation Area (ASCCA). Spanning 4,800 acres southwest of Calgary, Alberta, ASCCA operates as a day use natural area and nocturnal preserve. Aligned with a mission to safeguard habitat, allocate space for native wildlife, and deliver conservation education programs, Arrow and ASCCA share a steadfast commitment to the preservation of land and wildlife.

Arrow is proud of our recently established elk preservation project, dedicated to maintaining this iconic species and its habitat for long-term ecological sustainability. Our approach to biodiversity extends beyond compliance, reflecting proactive efforts to safeguard and enhance the natural environments surrounding our operations. We continuously explore innovative ways to contribute positively to biodiversity preservation and ecosystem health, underscoring our commitment to environmental stewardship.

Arrow is proud of its commitment to plant trees on approximately 10 acres within the next four years, emphasizing our commitment to reforestation and ecological balance, thus contributing to improved biodiversity.



Water Management

Responsible water resource management is integral to ensuring the long-term sustainability of our operations. Our drilling activities strictly adhere to a robust water management strategy, ensuring responsible usage. Notably, 100% of the water used in our drilling processes undergoes careful recovery and treatment for subsequent reuse, such as repurposing our produced water to use for irrigation in our operations. This recycling and reuse approach alleviates pressure on freshwater resources, aligning with our environmental and economic sustainability objectives.

Arrow discloses 100% of the chemicals used in our hydraulic fracturing processes for all applicable wells. This steady transparency ensures that stakeholders, including local communities and regulatory authorities, have access to comprehensive information regarding the substances involved in our operations.

We take pride in reporting zero instances of ground or surface water quality deterioration attributed to our operations. Our focus on best practices and continuous monitoring serves to safeguard the integrity of these critical natural resources.

Carbon Footprint

Arrow's commitment to addressing climate-related risks and opportunities runs deep within our organization, spanning from the operational level to board-level discussions. This dedication underscores our commitment to long-term sustainability.

The integration of climate considerations into our strategic planning is an ongoing and integral process. Demonstrating our commitment to reducing our carbon footprint and supporting the transition to a low-carbon economy, we have undertaken concrete actions. Initiatives, such as the utilization of solar energy to power our operations and active exploration of opportunities to invest in cleaner energy sources, underscore our dedication to sustainable and responsible energy practices.

Actively engaging in facility and infrastructure sharing with partners allows us to optimize resource utilization and collectively reduce our environmental impact. This collaborative orientation emphasizes our deep commitment to sustainable resource management and responsible development.



Waste Management

Arrow Exploration recognizes the imperative of conserving and safeguarding natural resources, driving us to integrate responsible waste management practices into our operations. Our waste management strategy is anchored in diverting waste from landfills and promoting recycling methods, aligning with our commitment to a more sustainable and environmentally conscious future.

Within our organization, the composition of diverted waste includes:



Office Recycling: Actively encouraging office recycling practices, we separate and recycle paper, plastics, glass, and other recyclable materials.



All Waste Sent to External Plants for Recycling: As a testament to our commitment to comprehensive waste diversion, all waste generated within our operations is directed to external recycling facilities.



Waste Production and Hazardous Waste: Adhering to stringent waste management practices, we successfully limit hazardous waste production, reducing potential environmental impacts.

This proactive waste management approach underscores Arrow Exploration's commitment to sustainable and responsible resource utilization.



Our dedication to minimizing waste, promoting recycling, and limiting hazardous waste generation reflects our commitment to environmental stewardship, ensuring a positive legacy for future generations.



Social



Social responsibility constitutes a pivotal aspect of our corporate vision. Our overarching objective is to cultivate a workplace characterized by health, safety, and inclusivity, wherein every employee is not only encouraged but empowered to enhance their skills. This commitment extends beyond the workplace, encompassing the active support of local communities through multifaceted initiatives in health and safety, diversity equity and inclusion, employee development, stakeholder engagement, supply chain management, and community investment.



Health and Safety

Arrow adheres to rigorous health and safety standards within the Canadian oil and gas industry and maintains a consistent international operational framework. We consider these standards pivotal to our success, continually enhancing our practices to safeguard our workforce, host communities, and the environment. This commitment is evident in our proactive measures and continuous improvement initiatives, aligning us with industry-leading peers. Demonstrating our dedication to community health, regular medical examinations for employees and contractors are conducted, fostering both physical well-being and a culture of health awareness. This approach enables early identification of potential health concerns, ensuring timely support and care. Emphasizing health and safety in daily operational meetings, all employees, regardless of their role, undergo safety training. Field operators receive specific attention and additional training. With a dedicated health and safety professional on each site, Arrow ensures that everyone at site adhere to health and safety policies aligned with our approach. In response to evolving health challenges such as the COVID-19 pandemic, we have implemented rigorous health protocols, including regular COVID checks. These measures reinforce our commitment to protecting our workforce and local communities, aligning with industry best practices to ensure the safety of all stakeholders.

Recognizing the inherent risks in our industry, our firm commitment is to mitigate these risks through robust health and safety practices. Arrow Exploration is dedicated to setting a benchmark in health and safety, fostering a culture where well-being takes precedence. Our efforts not only exemplify our responsibility to our industry peers but also to society at large. We remain resolute in leading the way in health and safety, setting the gold standard for others to emulate.

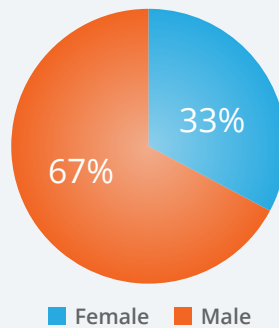
Diversity, Equity & Inclusion

Arrow is dedicated to cultivating a workplace that champions diversity, equity, and employee wellness. We recognize that these facets are pivotal for our enduring success and sustainable growth within the oil and gas industry. Our dedication to diversity transcends mere compliance; it is ingrained in the very fabric of our corporate culture.

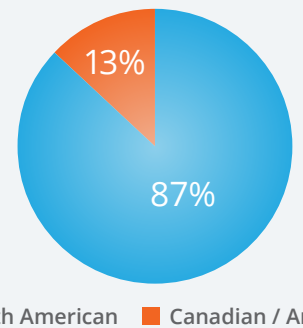
We believe that a diverse workforce is a wellspring of creativity, innovation, and adaptability, qualities essential in our dynamic industry. At Arrow Exploration, we extend equal opportunities to all, while encouraging and appreciating diverse perspectives. Actively seeking diverse talent and promoting inclusion throughout our workforce is integral to our ethos.

Arrow Exploration shares a common vision with international oil and gas companies operating in South America. Our commitment to diversity, equity, and wellness is not only a moral responsibility but also a strategic advantage that empowers us to thrive in an ever-evolving industry. We remain steadfast in upholding these principles, continually refining our practices to ensure the well-being of our employees and the sustainability of our operations.

Employee Diversity in Canada and Columbia Offices by Gender



Employee Breakdown in Canada and Columbia Offices by Nationality





Employee Development & Wellness

Arrow acknowledges the vital role played by our employees in the sustained success and growth of our organization. As part of our commitment to ESG principles, we place a strong emphasis on cultivating a work environment that fosters professional development and prioritizes the well-being of our workforce. Our Employee Development and Wellness initiatives are thoughtfully designed to elevate the overall employee experience, ensuring a harmonious and thriving workplace.

Arrow offers a comprehensive range of wellness initiatives, including mental health resources and support systems for stress management. Our employee benefits aim to support both health and financial well-being, encompassing health and wellness programs, access to healthcare plans, gym memberships, and lifestyle promotion. Family-friendly benefits include parental leave, flexible working arrangements, and support for employees with dependent care needs.

We proactively foster professional growth by providing opportunities for education and skill enhancement. Arrow supports and covers the costs associated with professional development courses, a benefit that many employees have utilized to pursue coursework in areas such as learning Spanish and health and safety best practices. Additionally, Arrow covers the professional dues of its employees, further exemplifying our commitment to supporting ongoing professional development. Through social activities, we foster a robust sense of community via team-building events, complemented by employee recognition programs that acknowledge outstanding performance. Our commitment to open communication channels ensures that employee feedback plays a proactive role in shaping the work environment.



Stakeholder Engagement

Arrow's commitment to sustainable practices is ingrained in our proactive engagement with diverse stakeholders, such as local communities, regulatory authorities, and business partners. Our primary goal is to foster open, transparent, and collaborative relationships that allow us to comprehend, respond to, and prioritize stakeholder needs.

In our engagement with local communities, we emphasize open and transparent communication. Committed to keeping residents informed about our activities, potential impacts, and mitigation measures, we build trust and promptly address community concerns. Regular meetings, surveys, and public forums enable us to actively seek and incorporate feedback, adapting our operations and strategies to align with community expectations.

Adhering to all relevant laws and regulations in the regions of operation, our engagement with regulatory authorities ensures compliance and alignment with local regulations. This commitment upholds the highest standards of environmental and social responsibility. Active collaboration on sustainable practices, including discussions on environmental impact assessments, land use planning, and responsible resource management, reflects our dedication to meeting both Arrow's and regulatory authorities' objectives.

Collaborating with business partners and suppliers, we promote sustainability across our value chain. Close cooperation ensures that ESG principles are upheld at every operational stage. Active participation in industry associations and initiatives related to ESG and responsible business practices allows us to engage with peers, driving positive change and advancing sustainability practices across the sector.

Supply Chain Management

An integral component of our ESG strategy is the rigorous management of our supply chain, ensuring suppliers adhere to legal, ethical, social, and environmental standards. Arrow employs a sophisticated procurement system and maintains a well-informed department dedicated to these efforts. Ethical standards are paramount in our supply chain management, with a firm commitment to ethical business practices. We communicate and monitor ethical expectations for suppliers, emphasizing integrity, transparency, and fairness. Regular audits ensure ongoing compliance with our ESG criteria. If non-compliance is identified, collaborative efforts are undertaken to implement corrective actions and support suppliers in meeting our standards.

Arrow prioritizes adherence to all relevant laws and regulations throughout our supply chain. We actively engage with suppliers to ensure full compliance with local, national, and international standards, covering labor practices, product safety, and environmental protections.

Addressing our social responsibility, we require suppliers to provide safe working conditions, fair wages, and professional development opportunities. Through audits, we verify that suppliers maintain social responsibility standards aligning with our criteria.

Community Investment

Arrow recognizes that the well-being of local communities is intertwined with the success of our projects. We understand the profound impact that our operations can have on these communities, and we are dedicated to fostering positive and lasting relationships. Our commitment extends beyond words, as we actively support these communities through both employment opportunities and financial aid. In 2022, Arrow invested nearly \$100,000 in community investment initiatives in Colombia. These initiatives encompassed the installation of water tanks, road maintenance, support for local schools, community celebrations, and training programs.

Arrow believes in creating sustainable, long-term employment opportunities within the regions where we operate. We prioritize hiring local talent and providing training and skill development to empower individuals from the community. By doing so, we not only contribute to local economic growth but also ensure that the benefits of our projects are shared with those who live and work in the vicinity.



Arrow is grateful to have had the opportunity to give back to the communities that support our operations. In 2022, we engaged in several social investment activities at the Oso Pardo Field, in the middle Magdalena Valley Basin, and the Tapir Block, involving production at Rio Cravo Este and exploration at Carrizales Norte.

In the La Ye community, we engaged in a 90-day project to install water tanks to support the community and capture rainwater to support the water needs of the community. The project supports water storage for the community, as the existing pipeline system was below the capacity required for the community's needs. This project fulfills the water requirements for 40 homes providing in the community, for 200 people. In the municipality of Aguachica, a 30-day road maintenance project was conducted to ensure that there is adequate access for the community.

In several communities surrounding the Tapir Block project, we engaged in 210 days of community giving initiatives, involving road maintenance, supplementing fuel for machinery, supporting a cycling race in Orocué to promote the use of cycling as a mode of transportation and holding various celebrations, such as School Children's Day, Mother's Day, and holiday celebrations. Training was conducted for individuals in the community, providing necessary knowledge on waste management practices, protecting wildlife in the area, and conserving and protecting water resources.

[Click here to read more about the **Oso Pardo Field** area.](#)

[Click here to read more about the **Tapir Block** exploration.](#)





Governance

Arrow upholds rigorous ethical standards in our business practices and accountability. To this end, we have crafted policies and procedures to ensure compliance with all applicable laws and regulations. Our approach includes taking meaningful and purposeful actions to ensure the highest standards in anti-corruption, ethical business practices, good governance, data protection and cybersecurity, and comprehensive risk management.

To view our comprehensive suite of Corporate Governance practices and policies, see our [Corporate Governance page](#) on our public website.





Anti-Corruption & Ethical Business Practices

Arrow Exploration maintains a steadfast commitment to anti-corruption and ethical business practices. We promote transparency across all regions, including those with lower rankings, and maintain rigorous internal management systems. Our approach encompasses comprehensive policies, proactive prevention, and swift detection and reporting of any unethical or corrupt activities. This ensures the integrity of our operations and fosters trust among stakeholders.

Good Governance

Arrow is fully committed to our governance practices, which is instrumental in ensuring our sustainable and ethical operations. We uphold high standards of governance, emphasizing transparency, integrity, and accountability.

We adopt a zero-tolerance stance on corruption, maintaining internal systems that prevent corruption at all levels. These systems are integral to our commitment to responsible and ethical practices.

To reinforce this stance, we've established clear ethical conduct policies and procedures encompassing all operational aspects. We prioritize integrity, honesty, and fairness, irrespective of our location.

Our dedication to anti-corruption extends to prompt detection and reporting of unethical practices. We encourage employees and stakeholders to report suspicions confidentially, enabling swift and decisive issue resolution, preserving operational integrity.

Arrow's governance system provides strong monitoring of the company's performance, ensures our regulatory compliance, and facilitates timely decision making and transparent information disclosure. This approach generates value, enhances competitiveness and sustainability, and safeguards the interests of our stakeholders. Our corporate governance practices and policies follow the guidelines and standards of the Canadian Securities Administrators. Arrow's ESG & Compliance Committee is responsible for: (i) assisting Arrow's Board of Directors in fulfilling its responsibilities in relation to, and in support of our ongoing commitment to, environmental, health and safety, corporate social responsibility, corporate governance, sustainability and all public policy matters relevant to Arrow; including ensuring that employees are provided with a safe environment in which to perform their duties; (ii) setting general strategy relating to ESG matters, in consultation with Arrow's ESG Working Group, and developing, implementing and monitoring initiatives and policies based on that strategy; (iii) overseeing communications with employees, investors and stakeholders with respect to ESG and HS&E matters; (iv) monitoring and overseeing the Corporation's policies, procedures and systems with respect to the management of ESG and Health, Safety & Environment (HS&E) risks; and (v) ensuring compliance by the Corporation with legal, industry, regulatory and community obligations pertaining to the areas of ESG and Disclosure.

Arrow values diverse perspectives on our Board of Directors and are committed to maintaining inclusivity. Currently, one director belongs to a visible minority. We believe diverse backgrounds contribute to effective decision-making and problem-solving and will strive to enhance diversity within our board.



Data Protection & Cyber Security

Arrow is fully committed to data protection and cyber security, across all our operational regions. We prioritize safeguarding sensitive data to maintain security, confidentiality, and regulatory compliance. This commitment extends globally, encompassing countries with lower transparency and governance rankings. To mitigate the potential impact of cybersecurity attacks, Arrow conducts both local and offsite backups on a daily basis.

Our stringent data protection measures encompass robust encryption, secure access controls, and ongoing employee training to ensure data privacy, fostering trust with stakeholders and local communities.

Risk Management

Arrow recognizes the value in rigorous risk management to ensure operational safety and stakeholder well-being, with a particular focus on strong Process Safety Event rates. This indicator provides valuable insights into safety performance and guides our commitment to safety and community welfare.

Our organizational culture places a significant emphasis on risk management. Directors and senior leadership actively engage in daily operational meetings, fostering open communication and collaborative risk assessment. These assessments are subsequently reported to the Board of Directors on a quarterly basis.

Our approach includes taking meaningful and purposeful actions to ensure the highest standards in anti-corruption, ethical business practices, good governance, data protection and cybersecurity, and comprehensive risk management.



A Growing & Socially-Responsible Colombia-Focused Energy Company

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