

# Arrow Exploration Corp. Reports 2018 Year-End Reserves

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CALGARY, April 8, 2019 - [Arrow Exploration Corp.](#) ("Arrow" or the "Company") (TSXV: AXL) is pleased to report its year-end reserves in Colombia and Canada as evaluated by DeGolyer and MacNaughton ("D&M") of Dallas, Texas in its report dated April 8, 2019, effective as of December 31, 2018 (the "D&M Reserves Report"). This evaluation was prepared using the guidelines of the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and is in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities ("NI 51-101").

In accordance with the requirements of NI 51-101, the Company expects to file more detailed disclosure relating to its oil and gas activities for the year ended December 31, 2018 in its 2018 Annual Information Form, together with an operational update, annual financial statements and management's discussion and analysis, on or before April 30, 2019.

## Year-End 2018 Company Gross Reserves Highlights

- 4.97 MMboe of Proved Reserves
- 10.57 MMboe of Proved plus Probable Reserves
- Proved Reserves estimated net present value before income taxes of US \$56,138,000 calculated at a 10% discount rate
- Proved plus Probable Reserves estimated net present value before income taxes of US \$114,018,000 calculated at a 10% discount rate
- Reserve Life Index of 8.1 for Proved Reserves and 17.2 for Proved plus Probable Reserves based on average of 2018 corporate production of 1,683 boe/d

Mr. Gary Wine, Chief Executive Officer of Arrow, commented, "We're very pleased to have increased our reserves in 2018. The acquisition of assets in Colombia complemented by the success of our first exploration well in Colombia in Q4 2018. Our Reserve Life Index and large under-developed land position in Colombia positions the Company very well for future growth."

A summary of the Company's Gross Reserves volumes according to reserve category as at December 31, 2018 is provided in the following table. Numbers in this table may not add exactly due to rounding.

## 2018 Year-End Company Gross Reserves Volumes <sup>(1)</sup>

Reserve Category	Light & Medium Crude Oil (Mbbbl)	Heavy Oil (Mbbbl)	Condensate (Mbbbl)	Sales Gas (MMcf)	NGL (Mbbbl)	Total Oil Equivalent (Mboe)
Proved Developed Producing	1,247	254	0	1,699	12	1,796
Proved Developed Non-Producing	789	154	35	3,366	36	1,575
Proved Undeveloped	0	1,598	0	0	0	1,598
Total Proved	2,036	2,006	35	5,065	48	4,969
Probable	1,475	3,747	13	2,053	22	5,599
Total Proved plus Probable						

3,511

5,753



7,118



10,568



## Note:

(1) See Oil and Gas Advisories and Reserves Definitions below.

A summary of the net present value of the Company's estimated future net revenues associated with the Company's Gross Reserves as at December 31, 2018 is provided in the following table. The net present values are estimated based on the prices set out below and readers should not assume that the net present values estimated by D&M represent the fair market value of the Company's Gross Reserves. Numbers in this table may not add exactly due to rounding.

2018 Year-End Company Gross Reserves Values <sup>(1)</sup>

Reserves Category	Before Income Taxes Discounted at (% / year)				
	0% (M US \$)	5% (M US \$)	10% (M US \$)	15% (M US \$)	20% (M US \$)
Proved Developed Producing	30,767	28,406	26,422	24,729	23,278
Proved Developed Non-Producing	33,254	27,485	23,043	19,574	16,815
Proved Undeveloped	12,498	9,093	6,673	4,924	3,641
Total Proved	76,519	64,984	56,138	49,227	43,734
Probable	104,207	76,676	57,880	44,694	35,226
Total Proved plus Probable	180,726	141,660	114,018	93,921	78,960

## Note:

(1) The forecast prices used in the calculations of the present value of future net revenue for year-end 2018 are shown in the following table.

## Forecast Prices, Cost Escalation Rates and Exchange Rates

Year	WTI Reference Price (US \$/bbl)	AECO Gas Price (CDN \$/MMBtu)	Edmonton Condensate Price (CDN \$/bbl)	Edmonton Propane Price (CDN \$/bbl)	Edmonton Butane Price (CDN \$/bbl)	Inflation Rates (%/year)	Exchange Rate (US \$/CDN \$)
Forecast							
2019	58.58	1.88	70.10	26.13	27.32	2.0	0.757
2020	64.60	2.31	79.21	31.27	41.10	2.0	0.782
2021	68.20	2.74	83.33	34.58	49.28	2.0	0.797
2022	71.00	3.05	86.20	37.25	55.65	2.0	0.803
2023	72.81	3.21	88.16	38.73	57.92	2.0	0.807
2024	74.59	3.31	90.20	39.75	59.27	2.0	0.808
2025	76.42	3.39	92.43	40.76	60.77	2.0	0.808
2026	78.40	3.46	94.87	41.93	62.37	2.0	0.808
2027	79.98	3.54	96.80	42.84	63.65	2.0	0.808
2028	81.59	3.62	98.79	43.80	64.97	2.0	0.808
2029	83.22	3.70	100.76	44.73	66.26	2.0	0.808
2030	84.87	3.78	102.77	45.64	67.56	2.0	0.808
2031	86.57	3.85	104.84	46.56	68.92	2.0	0.808
2032	88.30	3.92	106.94	47.46	70.33	2.0	0.808
2033	90.08	4.00	109.10	48.44	71.72	2.0	0.808
2034 +	+2% / yr	+2% / yr	+2% / yr	+2% / yr	+2% / yr	2.0	0.808

## Discussion of the D&amp;M Reserves Report

On October 1, 2018, the Company announced it had closed its acquisition of Carrao Energy S.A. from [Canacol Energy Ltd.](#) as well as the asset purchase of a 50% beneficial interest in the under-developed Tapir Block (collectively, the "Colombian Assets"), and completed the reverse takeover transaction with Arrow Exploration Ltd.

During the year ended December 31, 2018, the Company recorded increases in all categories of reserves due primarily to the acquisition of the Colombian Assets. Prior to acquiring the Colombian Assets, the Company's reserves were located entirely in Canada in the Fir and Pepper Montney Fields. The Company's Gross Proved and Probable Reserves in these fields constituted approximately 12% of the Company's Gross Proved and Probable Reserves at year-end 2018. Subsequent to the acquisition of the Colombian Assets, Arrow successfully drilled an exploration well, Danes-1, on the LLA-23 Block in the Llanos Basin in Colombia. The Danes-1 well resulted in recognition of 376 Mbbbl of Company Gross Proved Reserves and 509 Mbbbl of Company Gross Proved plus Probable Reserves as discoveries in the D&M Reserves Report.

## Year-End 2018 Company Gross Reserves Reconciliation

A reconciliation of the Company's Gross Reserves volumes according to reserve category as at December 31, 2018 compared to the Company's Gross Reserves volumes at December 31, 2017 is provided in the following table. Numbers in this table may not add exactly due to rounding.

TOTAL PROVED	Light/Medium Crude Oil (Mbbbl)	Heavy Crude Oil (Mbbbl)	Oil Conventional Natural Gas (MMcf)	NGL (Mbbbl)	Total Oil Equivalent (Mboe)
Opening Balance (December 31, 2017)	16	-	5,371	125	1,036
Extensions	-	-	-	-	0
Improved Recovery	-	-	-	-	0
Technical Revisions	325	(6)	(7)	(38)	280
Discoveries	376	-	-	-	376
Acquisitions	1,468	2,160	-	-	3,628
Dispositions	(16)	(109)	(24)	(2)	(131)
Economic Factors	(24)	-	-	-	(24)
Production	(109)	(39)	(275)	(2)	(196)
Closing Balance (December 31, 2018)	2,036	2,006	5,065	83	4,969
<b>TOTAL PROVED + PROBABLE</b>	<b>Light/Med Crude Oil (Mbbbl)</b>	<b>Heavy Crude Oil (Mbbbl)</b>	<b>Oil Conventional Natural Gas (MMcf)</b>	<b>NGL (Mbbbl)</b>	<b>Total Oil Equivalent (Mboe)</b>
Opening Balance (December 31, 2017)	23	-	7,707	175	1,483
Extensions	-	-	-	-	0
Improved Recovery	-	-	-	-	0
Technical Revisions	(296)	136	(279)	(52)	(259)
Discoveries	509	-	-	-	509
Acquisitions	3,452	6,240	-	-	9,692
Dispositions	(23)	(578)	(35)	(3)	(610)
Economic Factors	(45)	(6)	-	-	(51)
Production	(109)	(39)	(275)	(2)	(196)
Closing Balance (December 31, 2018)	3,511	5,753	7,118	118	10,568

## About ARROW Exploration

[Arrow Exploration Corp.](#) (operating in Colombia via a branch of its 100% owned subsidiary Carrao Energy

S.A.) is a publicly-traded company with a portfolio of Colombian oil assets that are underexploited, underexplored and may offer high potential growth. The Company's business plan is to rapidly expand oil production from some of Colombia's most active basins, including the Llanos, Middle Magdalena Valley and Putumayo Basin. The Company's asset base is predominantly operated with high working interests and typically realizes Brent-linked pricing exposure. Arrow's management is led by a hands-on and in-country executive team supported by an experienced board. Arrow is listed on the TSX Venture Exchange under the symbol "AXL".

## OIL AND GAS ADVISORIES

### D&M Reserves Report

The D&M Reserves Report was prepared using guidelines outlined in the COGE Handbook and in accordance with NI 51-101.

boe

A boe is determined by converting a volume of natural gas to barrels using the ratio of 6 Mcf to one barrel. Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf:1 boe is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Further, a conversion ratio of 6 Mcf:1 boe assumes that the gas is very dry without significant natural gas liquids. Given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

## RESERVES DEFINITIONS

With respect to the reserves data contained herein, the following terms have the meanings indicated:

"Company Gross Reserves" are the Company's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Company.

"developed" reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g. when compared to the cost of drilling a well) to put the reserves on production.

"developed producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

"developed non-producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

"possible" reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable plus possible reserves.

"probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

"proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable.

It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

"reserves" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: (a) analysis of drilling, geological, geophysical, and engineering data; (b) the use of established technology; and (c) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates.

"undeveloped" reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves category (proved, probable, possible) to which they are assigned.

## OTHER DEFINITIONS

bbl means barrel.

boe means barrel of oil equivalent.

boe/d means barrel of oil equivalent per day.

CDN \$ means Canadian dollars.

Mbbl means thousand barrels.

Mboe means thousand barrels of oil equivalent.

Mcf means thousand cubic feet.

MMboe means million barrels of oil equivalent.

MMcf means million cubic feet.

MM US \$ means million United States dollars.

M US \$ means thousand United States dollars.

Reserve Life Index is calculated by dividing the Company's Gross Reserves by working interest production for the year, which, in 2018, is based on fourth quarter average working interest production of 1,683 boe/d. This metric expresses how long a company's reserves will last at the current production rate with no additions to reserves.

US \$ means United States dollars.

## FORWARD-LOOKING STATEMENTS

This press release contains certain forward-looking statements within the meaning of applicable securities laws. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "target", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may", "should" or "will" occur. In particular, this press release contains forward-looking statements pertaining to, among other things, the following: the timing of the release, and filing (as

applicable), of Arrow's Form 51-101F1, comprehensive operational update and year-end financial statements; Arrow's business plan; and Arrow's asset base and price exposure.

Statements relating to "reserves" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future. Actual reserve values may be greater than or less than the estimates provided herein.

All forward-looking statements are based on Arrow's beliefs and assumptions based on information available at the time the assumption was made. Arrow believes that the expectations reflected in these forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this press release should not be unduly relied upon. By their nature, such forward-looking statements are subject to a number of risks, uncertainties and assumptions, which could cause actual results or other expectations to differ materially from those anticipated, expressed or implied by such statements, including those material risks and assumptions discussed in the Company's Management's Discussion and Analysis for the three months ended September 30, 2018, under the headings "Risks and Uncertainties" and "Forward-Looking Statements". The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent and Arrow's future course of action depends on management's assessment of all information available at the relevant time.

Any "financial outlook" or "future oriented financial information" in this press release, as defined by applicable securities legislation has been approved by management of Arrow. Such financial outlook or future oriented financial information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

Additional information on these and other factors that could affect Arrow's operations or financial results are included in Arrow's reports on file with Canadian securities regulatory authorities. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date it is expressed herein or otherwise. Arrow undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so pursuant to applicable law. All subsequent forward-looking statements, whether written or oral, attributable to Arrow or persons acting on the Company's behalf are expressly qualified in their entirety by these cautionary statements.

## RESERVES AND DRILLING DATA

This press release contains oil and gas metrics that are commonly used in the oil and gas industry such as "reserve life index". These metrics have been prepared by management of the Company and do not have standardized meanings or standardized methods of calculation and therefore such measures may not be comparable to similar measures presented by other companies and should not be used to make comparisons. Such metrics have been included herein to provide readers with additional measures to evaluate the Company's performance; however, such measures are not reliable indicators of the future performance of the Company, and future performance may not compare to the performance in prior periods and therefore such metrics should not be unduly relied upon. The Company uses these oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare the Company's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented herein, should not be relied upon for investment purposes.

There are numerous uncertainties inherent in estimating quantities of crude oil, natural gas and NGL reserves and the future cash flows attributed to such reserves. The reserves and associated cash flow information set forth above are estimates only. In general, estimates of economically recoverable crude oil, natural gas and NGL reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially. For these reasons, estimates of the economically recoverable crude oil, natural gas and NGL reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or

by the same engineers at different times, may vary. The Company's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

Individual properties may not reflect the same confidence level as estimates of reserves for all properties due to the effects of aggregation. This press release contains estimates of the net present value of the Company's future net revenue from our reserves. Such amounts do not represent the fair market value of the Company's reserves. The recovery and reserve estimates of the Company's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered.

Neither the TSX Venture Exchange (TSXV) nor its regulation services provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

SOURCE [Arrow Exploration Corp.](#)

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