

# CEIBO ENERGY CORPORATION

INVESTOR PRESENTATION



BOGOTA, MAY 2019.





# DISCLAIMER



This presentation has been prepared by Ceibo Energy Corporation ("Ceibo") and contains exploration information in a summary form. Therefore it does not contain detailed information that would be required in an oil prospect.

Based on analogous prospect, related to the prospective reservoirs and statistical data, the material contained in this presentation includes opinions, forecasts and other materials that will change in the future in accordance with further analysis.

This document is the sole responsibility of and has been prepared and issued by Ceibo. For the purposes of this notice, the presentation that follows (the "Presentation") shall include the slides herein displayed, hard copies of this document and any materials issued in connection with the presentation.

The information contained in this Presentation is subject to verification, completion and amendment even if information presented has been sourced from publicly available information. Ceibo does not therefore assume responsibility on any decision which any person, whether an individual or a corporation, may make based solely on the information provided herein.

This Presentation does not comprise a listing particulars or a prospectus relating to Ceibo or any subsidiary of Ceibo; does not constitute an invitation to offer or recommendation to purchase or to subscribe for any securities of Ceibo or any of the business or assets described herein, and should not be relied on in connection with a decision to purchase or subscribe for any such securities.

No reliance may be placed for any purpose whatsoever on the information contained in the Presentation or the completeness or accuracy of such information. No guarantee, representation or warranty, express or implied, is given by or on behalf of Ceibo or any of such persons like directors, officers, advisers, agents nor any other person as to the fairness, sufficiency, accuracy or completeness of the information or opinions contained in the Presentation and the accompanying verbal presentation, and neither Ceibo or any of such persons like directors, officers, advisers, agents or employees or any other person accepts any liability for any loss whatsoever arising from any use of this Presentation or its contents or any such information or opinions (including in the case of negligence or otherwise). In addition, no duty of care or otherwise is owed by any such person to recipients of the Presentation or any other person in relation to the Presentation.

This Presentation should not be considered as the giving of investment advice by Ceibo or any of its shareholders, directors, officers, agents, employees or advisers. Each party to whom this Presentation is made available must make its own independent assessment of the company after making such investigations and taking such advice as may be deemed necessary.



## Colombia is one the most attractive countries for foreign investment in Latin America in the O&G sector

### Colombian political environment

- Sound macroeconomic policies & performance. (Last decade GDP CAGR 4.34%)
- Most stable democracy in south America with a strong institutional framework.
- In late 2016, after a long negotiation process, Colombia struck a peace deal with major guerrilla group (FARC), ending a +50 year violent conflict. As direct impact of the deal, internal security has continued to improve steadily.
- Pro-business environment. Openness to investment and trade (investment grade country, joined OECD in 2018).
- Presidential elections held in June 2018 – Pro market candidate Ivan Duque was elected for the constitutional four year period.

### Colombian O&G industry

- Prolific geology with a high exploratory discovery rate.
- Foreign investment in the O&G sector accounts for 30%-40% of total investments.
- Potential for new discoveries, mainly in the Llanos basin, the most prolific basin in the country.
- Colombia has increased its production in recent years, reaching 1 mmboe/d in 2015 and is a net energy exporter (50% of its oil & gas production) since 1985.
- Opportunity to acquire production assets in the current price environment. Access to local financing
- Potential for unconventional. Second country in South America in developing its shale resources.
- New regulation allowing to postpone explorations commitments



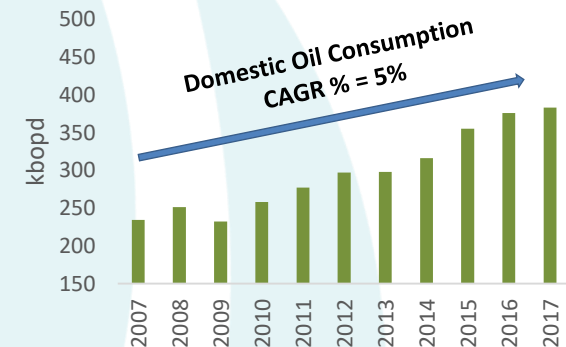
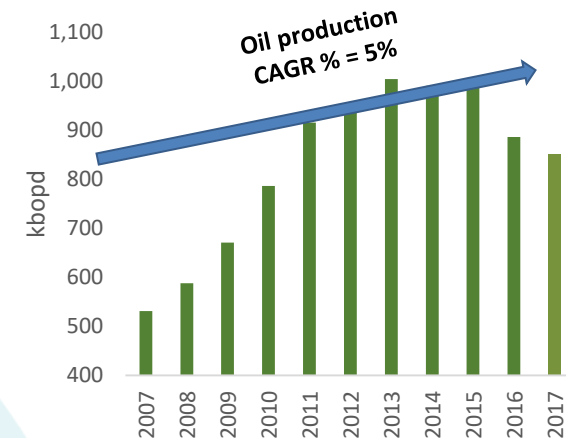
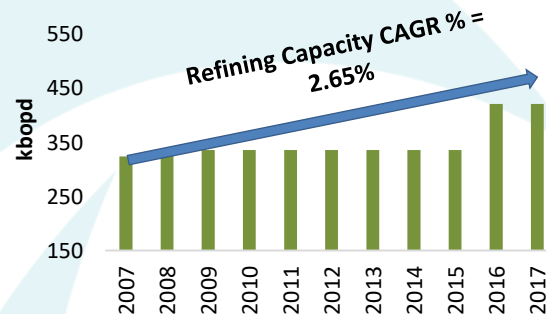
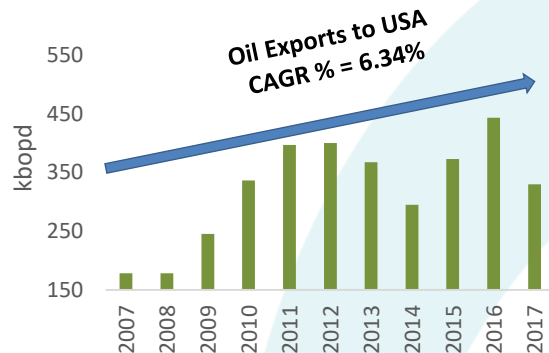
### Typical fiscal terms

Oil price (Average 2018)	US\$Brent –linked price
Royalties	5% – 25% revenue
Corporate / Profit tax	30%
Typical NetBack	>50% of the price



### Well Stablished & Dynamic O&G Industry

- In year 2003 the government took a series of measures to attract foreign investment in the O&G industry, i.e. allowing foreign oil companies to own 100 percent stakes in oil ventures and compete with Ecopetrol, the national oil company along with the establishment of a lower, sliding-scale royalty rate on oil projects as well as longer exploration licenses.
- Prior to 2003 Colombia's oil production remained largely flat for several years. This followed a period of steady decline that started in 1999. The main reasons for the decline in oil output was natural declines at existing mature oil fields and the lack of sizable new reserves discoveries. However, a combination of changes to the regulatory framework and an improved security situation contributed to increasing investment in the country.
- Most recently, Colombia's Agencia Nacional de Hidrocarburos (ANH), officially relaunched the country's Permanent Process of Assignment of Areas, or PPAA (formerly known as the Permanent Competitive Procedure 2018). The bidding process focuses on nomination (by qualified companies) for open acreage, and then bid tranches throughout 2019 for the nominated blocks. PPAA is expected to increase competitive conditions and attract new investors.
- According to EIA, in 2017 Colombia was the 6th major net oil exporter to USA (from being 10th major exporter in 2007), increasing its exports in approximately 35%.
- Due to late Venezuelan O&G Industry crisis, it is expected that Colombia will become and stablish as the major south American country oil exporter to USA within the next few years.





# Colombia

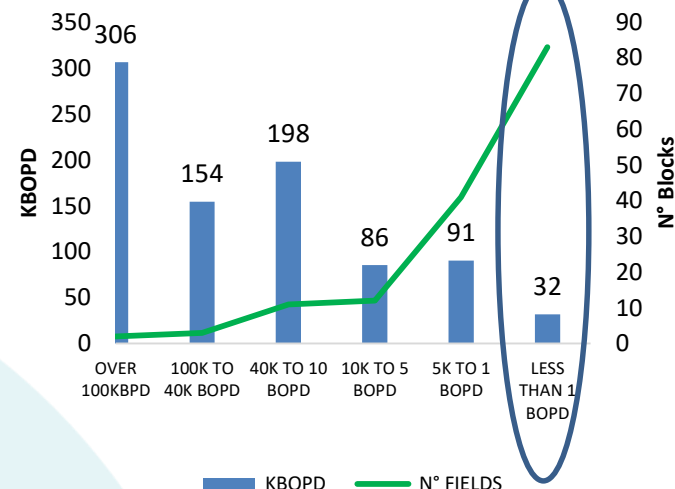
Investment Grade Country



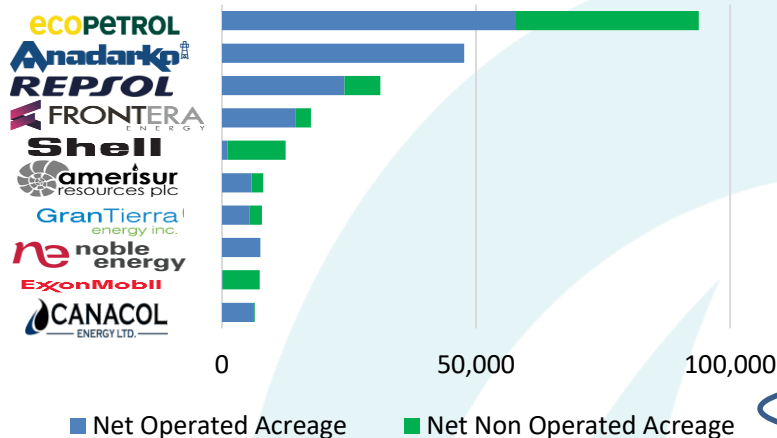
## Well Stablished & Dynamic O&G Industry

- Sound presence of major international O&G players in the country.
- The most investor friendly and predictable fiscal regime for O&G industry among Latin American countries. (Low royalties and non existence of profit sharing, windfall tax or special participation payment schemes seen in other countries of the region)
- As of mid-18, approximately 35 small to medium size local players participated actively in O&G industry, accounting for over 8% of country's total oil production
- As of mid-18, there was over 80 blocks with production less than 1KBOPD, many of which are owned and operated by mid-to-major size companies
- High potential to execute M&A transactions, targeting mid-to major size companies' marginal blocks or small size operating companies

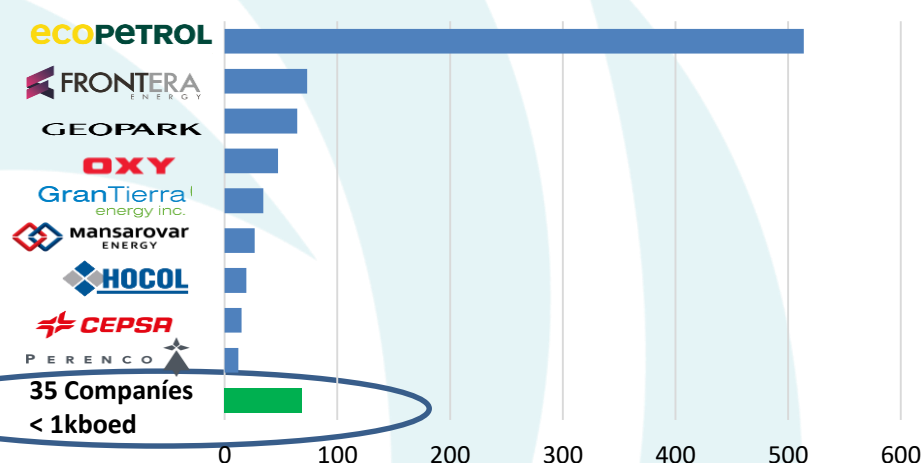
## Oil Production by Blocks



## Net Acreage By Company (km<sup>2</sup>)



## Oil Production by Operator (KBOPD)





# Llanos Basin

## Main Features

- The Llanos Basin, located in the eastern side of Colombia contains some of the top 10 biggest Colombian oil fields discovered during the 80's (Caño Limon) and 90's (Cusiana-Cupiagua). With 2,900 MBOE (Million barrels of Oil Equivalent) of cumulative production to December 2007, remaining reserves of about 1,500 MBOE and a potential for giant and medium size in reserves discoveries, the Llanos basin is very attractive for E&P interests.
- Historically considered the most prolific and successful basin in the country. Current oil production of approximately 650 Kbopd, accounts for 75% of the country total production.
- It is also considered one of the basins with higher prospectivity for non conventional development in the country, as estimations carried out by ANH show that it posses the highest resource volume for Shale Oil and tight gas developments, as well as for Shale Gas and heavy crude.
- ANH (2018) estimate as OOIP = 31,786 MMBO discovered.
- 13.335 MMBO is the oil Yet-To-Find
- 206 oil fields are actives at the date.



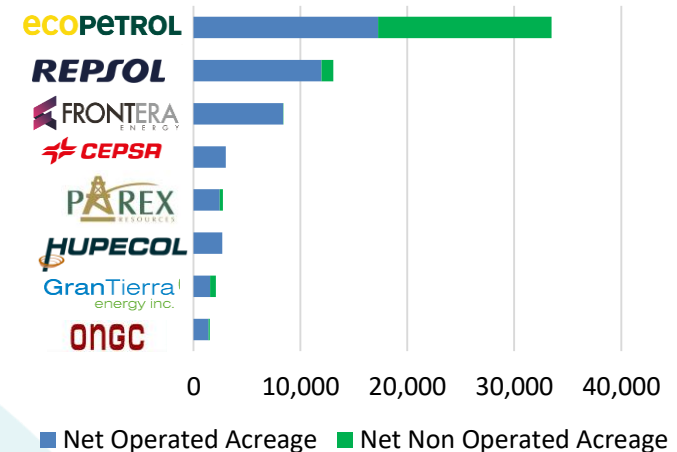


# Llanos Basin

## Key Logistic Advantages

- Given its importance as the country's most productive basin, almost all major facilities in the country were strategically located to treat, refine, evacuate and eventually export production from this Basin, i.e. Ecopetrol's 770 km pipeline "Caño Limon - Coveñas", 790 km pipeline "Central", 234 km "Oleoducto de los Llanos Orientales" pipeline, and recently inaugurated 230 km pipeline "Bicentenario". Colombia's only 2 refineries (Cartagena's and Barrancabermeja's) and main exportation port and storage facilities cluster (Puerto Coveñas) are fully connected to this basin.
- Active presence in the basin of international players
- Low operating expenses and very low crude transportation costs (via trucks to Cusiana field). Trucking is priced in COP and it is a very affordable alternative to pipelines transportation.
- Ample takeaway capacity and no infrastructure bottlenecks to most of Llanos Basin operations
- Spare capacity exists in many pipelines due to Colombian production declining from >1 MMbbl/d in early 2015 to ~0.87 MMbbl/d in 2018
- Through Colombia's major export terminal (Coveñas), Llanos Basin output has access to world markets, including Asia, US (West, East & Gulf Coasts) & Europe

### Acreage By Company (km<sup>2</sup>)





# Ceibo Energy Corp

## Corporate Profile & Exploration Portfolio



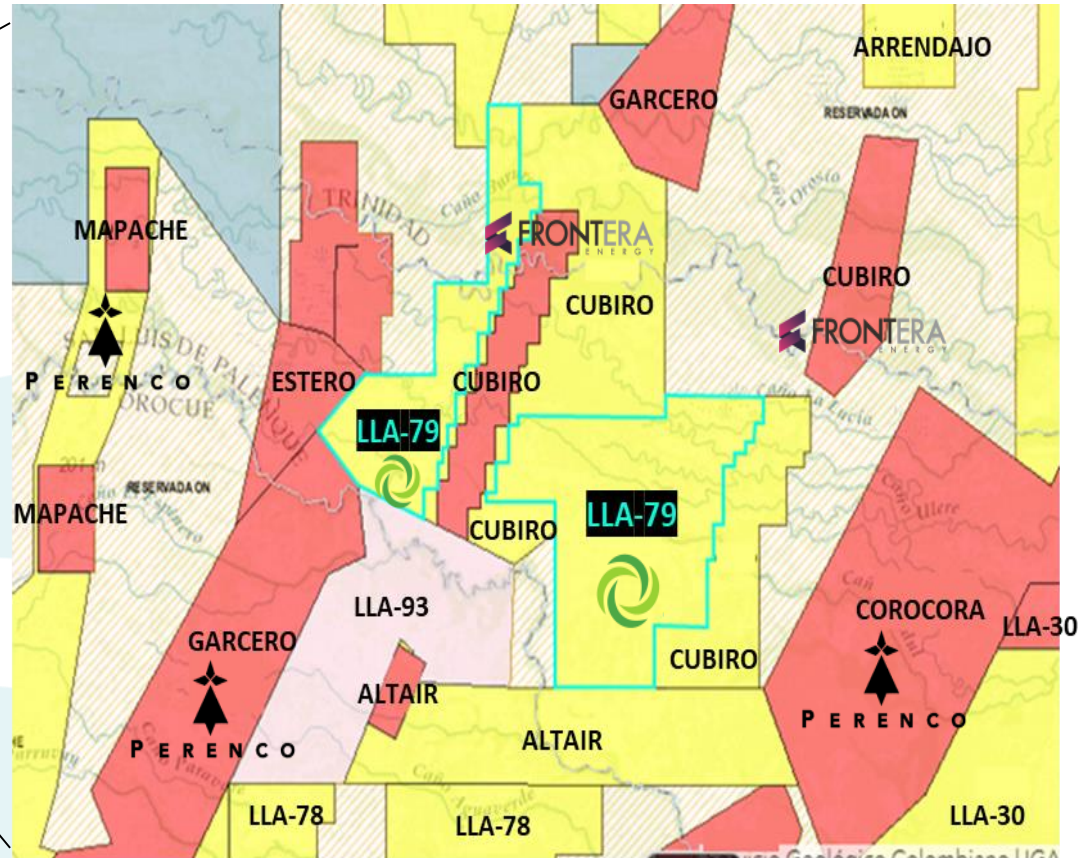
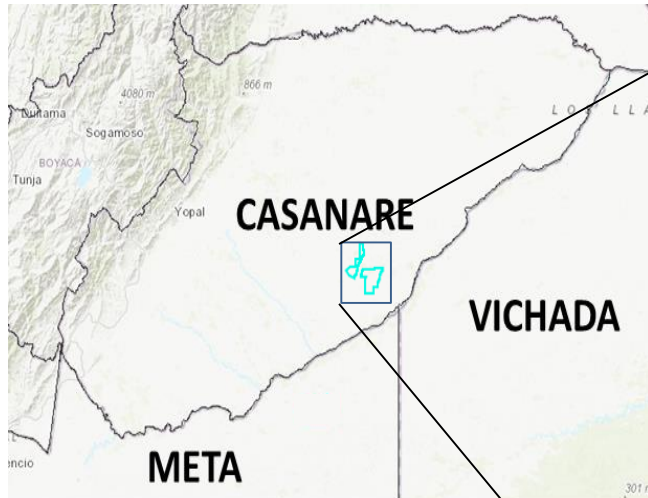
- Ceibo Energy Corp (“Ceibo”) is an Independent E&P company based in Bogota, Colombia (ceiboenergy.com).
- Ceibo has a very prospective E&P portfolio, strategically located in a successful, prolific and prospective geographic area of Llanos Basin, with access to key transportation infrastructure and idle existing treatment capacity in nearby blocks.
- +53.000 net acres split in 2 blocks (LLA-02 & LLA-79, both located in Llanos Basin) self operated with a 100% of W.I. ready to be developed. Both blocks are surrounded by commercial developments
- Experienced management appointed to conduct growth.
- Drilling & environmental permits for committed drilling activities already submitted and duly approved by official authorities.
- Total committed activities executed to date accounts for over US\$ 15 MM.


Block Name	LLA-02	LLA-79
<b>Status</b>	Exploration	Exploration
<b>Acreage</b>	18.893	34.295
<b>Operatorship</b>	Ceibo	Ceibo
<b>Ownership</b>	Ceibo (100% W.I.)	Ceibo (100% W.I.)
<b>Executed Committed Activities</b>	<u>3D Seismic &amp; Geochemical samples</u>	<u>3D Seismic &amp; Geochemical samples</u>
<b>Remaining Committed Activities</b>	Drilling of 2 Exploratory Wells	Drilling of 3 Exploratory Wells
<b>Deadline for Remaining Committed Activities</b>	Jul-2020	Sep-2020
<b>Department</b>	Casanare	Meta
<b>Basin</b>	Llanos	Llanos
<b>Royalty Range</b>	8 - 15%	8 - 15%



# Ceibo Energy Corp

Llanos-79 Location



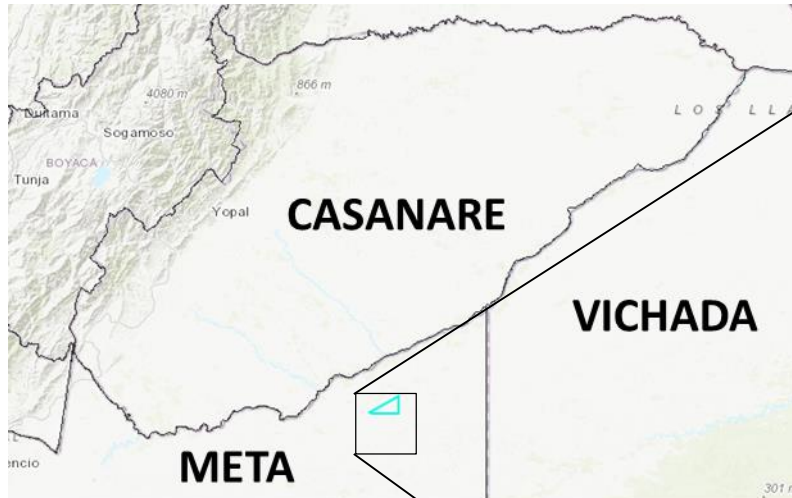
-  EXPLORATION BLOCK
-  PRODUCING BLOCK





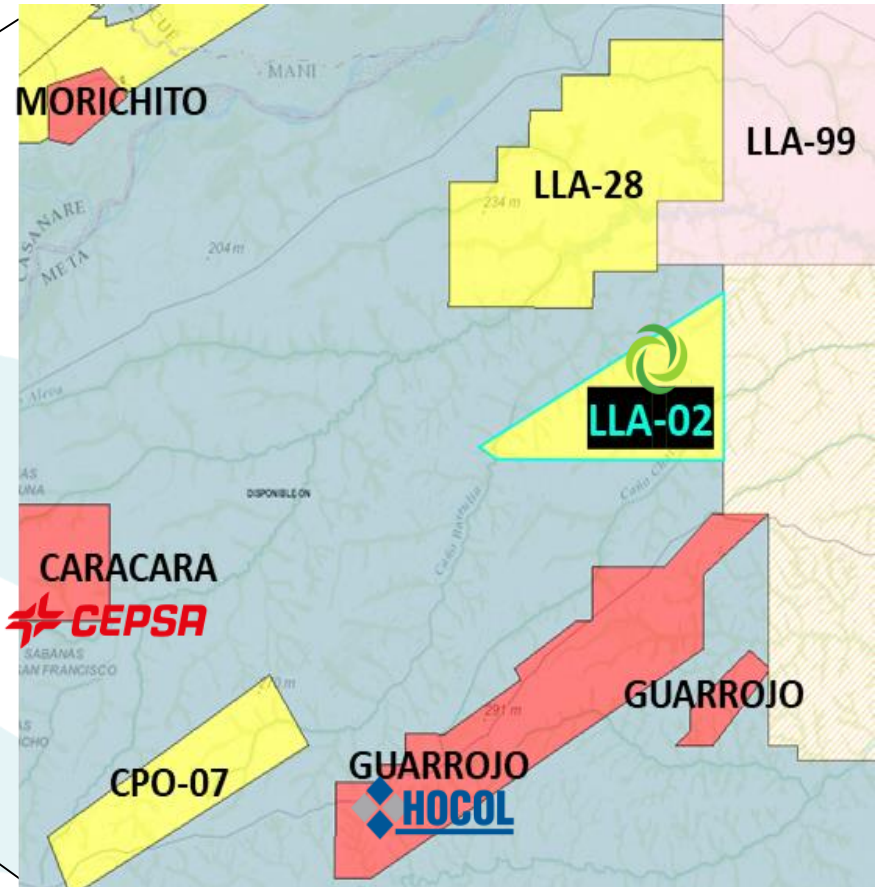
# Ceibo Energy Corp

Llanos-02 Location



 **EXPLORATION BLOCK**

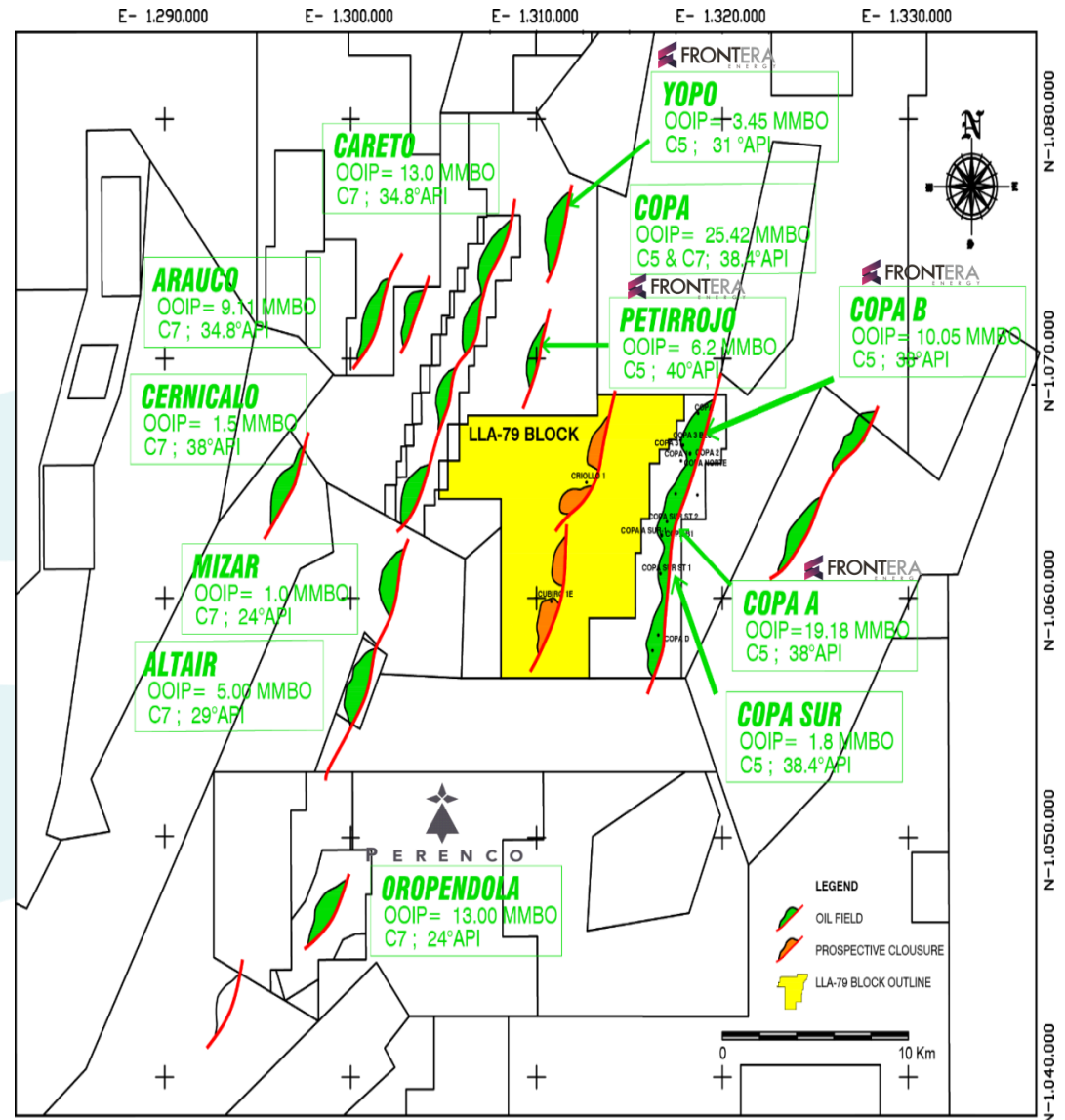
 **PRODUCING BLOCK**





# Llanos 79 & Cubiro Area

- Cubiro blocks, located northeast & west to LL-79 and operated by Frontera Energy, is currently producing 4,250 bopd of sweet crude from 13 fields. There have been certified over 75 MM Barrels of OOIP within this contract.
- Oropendola, Garcero & Corocora fields, located north, east & southeast to LL-79, operated by Perenco, are producing 265, 2,400 and 3,750 bopd respectively.





# Llanos 79

## Investment Opportunity



- Positioned in highly prospective acreage of the Llanos Basin:
  - Acreage located in the high-quality oil gravity (23 – 38° API) window.
  - Flanked by over 9 commercial oil producing blocks (comprising 41 fields and over 100 producing wells) with oil facilities with idle capacity. Such fields in the range of 2 – 35 MMBO produced.
- 100% of Blocks area covered by 3D seismic, which was recently reprocessed with highly encouraging results.
- All environmental studies as well as municipal, provincial & regulatory entities permits regarding drilling activities already approved.
- Early stage of exploration drilling activities two (2) wildcat wells to test the play – concept associate with Ceibo's fault trend.
- Medium to low risk assessment based on geological evaluation of active petroleum systems and analogical technical models (Copa oil cluster, Yopo – Petirrojo cluster).
- Solid economic prospects expected based on analogous neighboring commercial developments.
- Moderated reservoir depths – 6500 ft allow for relatively low drilling and completion costs.
- Low operating expenses and very low crude transportation costs (via trucks to Cusiana).
- Prospective acreage (4 structural closures) associated with the Cretaceous Guadalupe reservoir and the Tertiary C-5 Carbonara FM.
- Proven and highly prospective Gachetá – Carbonera Petroleum System (!) in place.



### **Corporate Profile:**

- Operating company, no debt, ready to develop its acreage.
- Experienced Management committed to deliver results.

### **Highly Prospectively Operated Acreage:**

- 2 highly prospective blocks flanked by successful developments.
- Exploration and Development oil activities in the foreland portion.
- Oil infrastructure surrounds operated acreage

### **Prospectivity:**

- Assets flanked by commercial oil fields in the range 2 – 35 MMBO
- Medium to high oil gravity window ( 25 – 38° API)
- Multi-story and stacked several prospectivity reservoirs (Cretaceous – Tertiary)
- Highly efficient Gachetá – Carbonera Petroleum System



# CEIBO ENERGY CORPORATION

INVESTOR PRESENTATION



BOGOTA, APRIL 2019.





# Annex

## Latin American O&G Fiscal Regimes Comparison



	COLOMBIA	ARGENTINA	ECUADOR	PERU	MEXICO	VENEZUELA	BRAZIL
OIL ROYALTIES	8% - 25% <sup>1</sup>	12% - 18%	12,5% - 18,5%	5% - 20% OR 15% - 35%	STARTS AT 7,5% (47,95 USD/BLS)	MAX. 33,33% BELOW 80 USD/BLS	5% - 15%
GAS ROYALTIES	6,4% - 20% <sup>2</sup>	12% - 18%	MINIMUM 16%	5% - 20% OR 15% - 35%	0% BELOW 5 USD/MMBTU, 10% OVER 5 USD/MMBTU	MAX. 33,33% BELOW 80 USD/BLS	5% - 15%
O&G CORPORATE INCOME TAX	33%	30%	25% - 28%	31,50%	30%	50%	34%
VAT RATE	19%	21%	12%	18%	16%	16%	17% - 20%
DEBIT & CREDIT TAX	0,40%	0,60%	0%	0,01%	0%	0	0%
TURNOVER TAX	0%	3%	0%	0%	0%	0	9,25%
STAMP TAX	0%	1,30%	0%	0%	0%	2%	0%
EXPORTS RETENTION TAX ON OIL	0%	10%	5%	N/A	0%	0	0%
WEALTH TAX	0	0,25%	0,25%	N/A	N/A	0	0%
SOCIAL SECURITY CONTRIBUTIONS	28%	27,00%	21,60%	22%	7%	17%	20%
SOVEREIGN MARGIN / SPECIAL PARTICIPATION PAYMENTS	0%	0%	25% OF GROSS INCOME OF FIELD PRODUCTION	1% - 12% ON REVENUES	0%	0%	10%-40% OF TAXABLE INCOME OF THE FIELD PRODUCTION APPLICABLE TO "LARGE PRODUCTION VOLUMES"
PROFIT SHARING TAX	0%	0%	0%	5% OF TAXABLE INCOME	10% OF TAXABLE INCOME	0%	0%
DIVIDEND WITHHOLDING TAX	5%	7%	0%	5%	10%	0%	0%
WINDFALL TAX ON OIL PRODUCTION (EXTRAORDINARY PRICES)	0%	0%	0%	0%	0%	20% ON DIFF. BETWEEN INT. PRICES AND NATIONAL BUDGET PRICE	0%
WINDFALL TAX ON OIL PRODUCTION (EXORBITANT PRICES)	0%	0%	0%	0%	0%	80% - 95% OF REVENUES PORTION GENERATED ABOVE 80 USD/BLS	0%
OVER ROYALTIES	0%	0%	0%	0%	AS OFFERED IN BIDDING ROUNDS	0	0%

1 applicable royalty rate to fields with production of less than 5KBOEPD is 8%.

2 applicable royalty rate to fields with production of less than 5KBOEPD is 6,4% (onshore) and 4,8% (offshore) respectively