Arrow Exploration Corp. Announces Second Quarter 2019 Financial and Operating Results and Operational Update

Calgary, Alberta – August 28, 2019 – ARROW Exploration Corp. ("Arrow" or the "Company") (TSXV: AXL) is pleased to announce the filing of its 2019 second quarter unaudited Financial Statements and MD&A and to provide an operational update. The Company's Financial Statements and MD&A are available on SEDAR (www.sedar.com). All numbers are expressed in US dollars unless otherwise noted.

(in United States dollars (tabular amounts in thousands) except as otherwise noted)	Three months ended June 30, 2019	Six months ended June 30, 2019	Three months ended March 31, 2019
Total natural gas and crude oil revenues, net of royalties	**7,525,728**	**13,534,368**	6,008,640
Funds from operations (1)	**965,570**	**1,946,522**	980,952
Per share – basic ($) and diluted ($)	**0.01**	**0.03**	0.02
Net loss	**(1,776,740)**	**(3,480,920)**	(1,704,180)
Per share – basic ($) and diluted ($)	**(0.03)**	**(0.05)**	(0.02)
EBITDA (1)	**1,952,816**	**3,340,051**	1,387,235
Weighted average shares outstanding – basic and diluted	**68,674,602**	**68,674,602**	68,674,602
Common shares end of period	**68,674,602**	**68,674,602**	68,674,602
Capital expenditures	**4,171,680**	**7,573,045**	3,401,365
Cash and cash equivalents	**844,983**	**844,983**	1,434,648
Current Assets	**10,725,489**	**10,725,489**	10,553,677
Current liabilities (2)	**18,800,186**	**18,800,186**	18,353,525
Working capital (deficit) (1)	**(8,074,697)**	**(8,074,697)**	(7,799,848)
Long-term portion of restricted cash (3)	**368,662**	**368,662**	3,245,624
Total assets	**76,333,739**	**76,333,739**	77,066,582
Operating			
Natural gas and crude oil production, before royalties			
Natural gas (Mcf/d)	**677**	**686**	**696**
Natural gas liquids (bbl/d)	**5**	**7**	**6**
Crude oil (bbl/d)	**1,741**	**1,665**	**1,588**

Total (boe/d)	**1,859**	**1,786**	**1,710**
Operating netbacks ($/boe) [(1)]			
Natural gas ($/Mcf)	**($1.19)**	**($0.53)**	**0.10**
Crude oil ($/bbl)	**$27.50**	**$23.12**	**18.43**
Total ($/boe)	**$25.40**	**$21.43**	**17.29**

(1) Non-IFRS Measures – see "Non-IFRS Measures" below

(2) Includes $5 million Canacol promissory note

(3) Long-term restricted cash not included in working capital

Second Quarter 2019 Highlights and Subsequent Events

- For the three months ended June 30, 2019, Arrow recorded $7,525,728 in revenues (net of royalties) on crude oil sales of 148,829 barrels, 616 barrels of NGL's and 61,589 Mcf of natural gas sales.
- EBITDA for the three months ended June 30, 2019 was $1,952,816.
- Production averaged 1,859 boe/d, an increase of 149 boe/d over the first quarter of 2019.
- Revenue (net of royalties) of $7.5 million represented an increase of approximately $1.5 million over the previous quarter. Brent oil prices retraced from highs near $75 achieved in April to the low $60 range to end the second quarter. Higher Brent oil prices in the quarter compared to the previous quarter had a positive impact on operating netbacks which were $25.40 per boe vs. $17.29 per boe, respectively.
- Operating costs were $3,205,137 or $19.02 per produced boe which represents a reduction of $165,924 versus the first quarter of 2019.
- Working Capital deficit of approximately $8 million includes the $5 million promissory note to Canacol Energy Ltd. ("Canacol") which was renegotiated subsequent to the quarter end.
- Subsequent to quarter end, Arrow entered into a Second Amended and Restated Promissory Note (the "Note") with Canacol. The amendments provide a deferral of principal payments to commence on October 1, 2020 and which shall be paid in six monthly instalments such that all Note obligations are paid in full on or before March 1, 2021. The amendments also provide that the Company will repay all interest accrued to July 31, 2019 (totaling $628,767) by December 31, 2019, and that commencing on September 1, 2019 the Company will make monthly interest-only payments on the principal sum then outstanding plus the outstanding accrued interest balance. Interest payable on the Note remains unchanged at 15% per annum, and the Note continues to be repayable at any time without penalty.

Bruce McDonald, CEO of Arrow commented, "We were pleased to achieve our best revenue and EBITDA quarter thanks to production increases from the RCE-1 discovery well drilled in the quarter and a full quarter of production from the Danes-1 well after replacement of a failed pump. At the same time, we were able to realize strong realized oil prices and further reduce operating costs to achieve a best ever quarterly operating netback of $25.40. Cost reductions remain a key focus of the Company as we move forward."

Operational Update

Management remains focused on several initiatives which are expected to further reduce operating costs including the recent implementation of an improved water handling solution for the Rio Cravo Este-1 ("RCE-1") well and purchasing rented oilfield equipment. The improved water handling solution is expected to decrease operating costs for the RCE-1 well by approximately 30% and management has identified over $4 million in oilfield equipment capitalization opportunities which are expected to have a positive impact on operating costs once the equipment is purchased in coming months.

Credit Facility

As previously disclosed, Arrow has been working to secure a credit facility. The Company continues to engage in discussions with various potential credit facility providers and is evaluating alternative debt solutions in the event the Company is unable to close the credit facility as originally contemplated.

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 premier Colombian oil assets that are under-exploited, under-explored and 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 (MMV) and Putumayo Basin. The asset base is predominantly operated with high working interests, and the Brent-linked light oil pricing exposure combines with low royalties to yield attractive potential operating margins. Arrow's seasoned team 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".

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Forward-looking Statements

This news release contains certain statements or disclosures relating to Arrow that are based on the expectations of its management as well as assumptions made by and information currently available to Arrow which may constitute forward-looking statements or information ("forward-looking statements") under applicable securities laws. All such statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that Arrow anticipates or expects may, could or will occur in the future (in whole or in part) should be considered forward-looking statements. In some cases, forward-looking statements can be identified by the use of the words "believe", "expect", "guidance", "may", "will" and similar expressions. In particular, but without limiting *the foregoing, this news release contains forward-looking statements pertaining to the following: cost reduction initiatives; long-term credit facility; and Arrow's ability to service its current obligations.*

The forward-looking statements contained in this news release reflect several material factors and expectations and assumptions of Arrow including, without limitation: current and anticipated commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; future exchange rates; commodity prices; the impact of increasing competition; general economic conditions; availability of drilling and related equipment; receipt of partner, regulatory and community approvals; royalty rates; future operating costs; effects of regulation by governmental agencies; uninterrupted access to areas of Arrow's operations and infrastructure; recoverability of reserves; future production rates; timing of drilling and completion of wells; pipeline capacity; that Arrow will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that Arrow's conduct and results of operations will be consistent with its expectations; that Arrow will have the ability to develop its oil and gas properties in the manner currently contemplated; current or, where applicable, proposed industry conditions, laws and regulations will continue in effect or as anticipated; that the estimates of Arrow's reserves and production volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects; that Arrow will be able to obtain contract extensions or fulfil the contractual obligations required to retain its rights to explore, develop and exploit any of its undeveloped properties; and other matters.

Arrow believes the material factors, expectations and assumptions reflected in the forward-looking statements are reasonable at this time but no assurance can be given that these factors, expectations and assumptions will prove to be correct. The forward-looking statements included in this news release are not guarantees of future performance and should not be unduly relied upon. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements including, without limitation: the impact of general economic conditions; volatility in commodity prices; industry conditions including changes in laws and regulations including adoption of new environmental laws and regulations, and changes in how they are interpreted and enforced; competition; lack of availability of qualified personnel; the results of exploration and development drilling and related activities; obtaining required approvals of regulatory authorities; risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities; commodity price volatility; fluctuations in foreign exchange or interest rates; environmental risks; changes in income tax laws or changes in tax laws and incentive programs; changes to pipeline capacity; ability to secure a credit facility; ability to access sufficient capital from internal and external sources; risk that Arrow's evaluation of its existing portfolio of development and exploration opportunities is not consistent with future results; that production may not necessarily be indicative of long term performance or of ultimate recovery; and certain other risks detailed from time to time in Arrow's public disclosure documents including, without limitation, those risks identified in Arrow's annual information form, a copy of which is available on Arrow's SEDAR profile at www.sedar.com. Readers are cautioned that the foregoing list of factors is not exhaustive and are cautioned not to place undue reliance on these forward-looking statements.

The forward-looking statements contained in this news release are made as of the date hereof and the Company undertakes no obligations to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Non-IFRS Measures

Two of the benchmarks the Company uses to evaluate its performance are funds from operations and EBITDA, which are measures not defined in IFRS. Funds from operations represents cash flow provided by operating activities before settlement of decommissioning obligations and changes in non-cash working capital. EBITDA is calculated on a rolling 12-month basis and is defined as net income (loss) and comprehensive income (loss) adjusted for interest, income taxes, depreciation, depletion, *amortization and other similar non-recurring or non-cash charges. The Company considers these measures as key measures to demonstrate its ability to generate the cash flow necessary to fund future growth through capital investment, pay dividend and to repay its debt. These measures should not be considered as an alternative to, or more meaningful than, cash provided by operating activities or net income (loss) and comprehensive income (loss) as determined in accordance with IFRS as an indicator of the Company's performance. The Company's determination of these measures may not be comparable to that reported by other companies.*

The Company also presents funds from operations per share, whereby per share amounts are calculated using weighted- average shares outstanding consistent with the calculation of net income (loss) and comprehensive income (loss) per share.

Working capital and operating netback as presented do not have any standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other entities. Working capital is calculated by subtracting current liabilities from current assets. Operating netback is calculated by subtracting operating costs and royalties from revenue.

Oil and Gas Metrics

The term barrel of oil equivalent ("boe") is used in this release. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6,000 cubic feet of natural gas to one barrel of oil is used in this release. This 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.