



Arrow Amends and Extends Canacol Promissory Note and Appoints New Director

Calgary, Alberta – January 2, 2020 - ARROW Exploration Corp. (“Arrow” or the “Company”) (TSXV: AXL) is pleased to announce that it has successfully negotiated an amendment and extension to its US\$5 million promissory note with Canacol Energy Ltd. (“Canacol”) (the “Amended Note”). Under terms of the Amended Note, Arrow has agreed to appoint Mr. Anthony Zaidi, VP of Business Development and General Counsel at Canacol, to the Board of Directors of Arrow to fill an existing vacancy, subject to regulatory approvals including the TSX Venture Exchange.

Revised Canacol Promissory Note Terms

Arrow and Canacol have agreed to a third amendment and extension to the existing US\$5 million Canacol promissory note, effective December 31, 2019. Under terms of the Amended Note, as more fully described below, repayment of the principal and accrued and outstanding interest, which now total US\$5.6 million, has been deferred an additional six months to commence on April 1, 2021 with the outstanding interest to be paid in full at that time and the principal to be fully paid in six monthly installments by September 1, 2021.

The Amended Note provides Arrow with additional flexibility to manage its long-dated payables while the strategic alternatives process progresses, with support from Arrow’s financial advisor, Stifel FirstEnergy.

Key terms under the Amended Note are as follows:

- On or before April 1, 2021 the Company shall pay in full all accrued and outstanding interest owing on the principal sum of US\$5 million (the “Principal Sum”) from the origination date of the promissory note to July 31, 2019 being US\$628,767 plus interest on such sum at a rate equal to 15.0% per annum accruing as of December 31, 2019 until the date of payment (the “Interim Accrued Interest”).
- Commencing September 1, 2019 and on the first day of each month thereafter until no further obligations are owing, the Company shall make interest-only monthly payments equal to the total amount of the outstanding interest on the Principal Sum and the Interim Accrued Interest.
- Commencing April 1, 2021 and on the first day of each of the following six (6) months thereafter the Company shall make equal monthly payments of the balance of the Principal Sum which remains outstanding as of April 1, 2021, amortized over such six (6) month period, such that all remaining obligations are paid in full on or before September 1, 2021.
- At any time, all or any portion of the obligations then outstanding, may be prepaid by the Company to Canacol without penalty or prepayment fee.
- In case of a Change in Control of the Corporation, all of the Amended Note obligations shall be immediately due and payable to Canacol. For purposes of the Amended Note, a change in control means (i) any direct or indirect change in control of the Company (whether through merger, sale of shares or other equity interest, or otherwise through a single transaction or series of related transactions, from one or more transferors to one or more transferee or (ii)

any change in the composition of the board of directors of the Company where the majority of the current directors of the Company are replaced (whether at the same time or separately) at any time within a time period of 12 months from December 31, 2019. Control means the ownership directly or indirectly of more than 50% of the voting rights in a legal entity.

- Until all Amended Note obligations are paid in full, the Company shall arrange to appoint two (2) Canacol employees of Canacol's choice to sit on Arrow's board of directors at all times. In the normal course such appointments are subject to approval of regulatory authorities including the TSX Venture Exchange.
- The general security agreement granted to Canacol as part of the second amendment to the Canacol promissory note in July 31, 2019 remains in place as updated to reflect linkage to this third amendment.
- Other terms of the original Canacol promissory note remain unchanged.

Appointment of New Director

Under terms of the Amended Note, Arrow has agreed to appoint Mr. Anthony Zaidi, VP Business Development and General Counsel at Canacol, to the Board of Directors of Arrow to fill an existing vacancy, subject to regulatory approvals including the TSX Venture Exchange. With this appointment, Canacol will have two of its executives on the Arrow Board of Directors also including Mr. Ravi Sharma, the Chief Operating Officer of Canacol and a founding director of Arrow. Dr. Luis Baena, a founding director of Arrow originally nominated by Canacol, is no longer an employee of Canacol. The Arrow Board of Directors will now include Mr. Dominic Dacosta (Chair), Dr. Luis Baena, Mr. James McFarland, Mr. Juan Carlos Salazar, Mr. Ravi Sharma, Mr. Steve Smith and Mr. Anthony Zaidi.

Mr. Zaidi is a lawyer and businessman with significant experience in corporate finance and in the mining and energy sector in Colombia. Prior to joining Canacol, Mr. Zaidi was the President and General Counsel of Carrao Energy Ltd., a private oil and gas exploration company he co-founded and co-managed until its acquisition by the Canacol in November 2011 and in turn by Arrow in September 2018. Prior to this time, he had been an officer or director of several private and public companies, including Integral Oil Services, Pacific Rubiales Energy, Petro Magdalena Energy, Medora Resources and others, as well as a securities lawyer at Blake, Cassels & Graydon LLP. Mr. Zaidi holds a Juris Doctor degree from the University of Toronto as well as a Bachelor of Commerce (Finance) degree from McGill University.

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 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 "continue", "expect", "opportunity", "plan", "potential" and "will" and similar expressions. The forward-looking statements contained in this news release reflect several material factors and expectations and assumptions of Arrow, including without limitation: approval by regulatory authorities including the TSX Venture Exchange for Mr. Anthony Zaidi's appointment to the Arrow Board of Directors; potential of Arrow's Colombian assets to offer high potential growth; and Arrow's business plan to expand oil production and achieve attractive potential operating margins. Arrow believes the 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. 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.