



## Arrow Exploration Announces First Quarter 2020 Financial and Operating Results and Provides Updates

Calgary, Alberta – July 13, 2020 – ARROW Exploration Corp. (“Arrow” or the “Company”) (TSXV: AXL) is pleased to announce the filing of its unaudited Financial Statements and MD&A for the quarter-ended March 31<sup>st</sup>, 2020, which are available on SEDAR ([www.sedar.com](http://www.sedar.com)).

### FINANCIAL AND OPERATING HIGHLIGHTS

(in United States dollars, except as otherwise noted)	Three months ended March 31, 2020	Three months ended March 31, 2019
Total natural gas and crude oil revenues, net of royalties	3,848,480	6,008,640
Funds flow from (used in) operations <sup>(1)</sup>	(30,325)	980,952
Per share – basic (\$) and diluted (\$)	(0.00)	0.02
Net income (loss)	(26,058,265)	(1,704,180)
Per share – basic (\$) and diluted (\$)	(0.38)	(0.02)
Adjusted EBITDA <sup>(1)</sup>	344,520	1,387,235
Weighted average shares outstanding – basic and diluted	68,674,602	68,674,602
Common shares end of period	68,674,602	68,674,602
Capital expenditures	473,351	3,401,365
Cash and cash equivalents	117,794	1,434,648
Current Assets	6,953,756	10,553,677
Current liabilities	9,665,512	18,353,525
Working capital (deficit) <sup>(1)</sup>	(2,711,756)	(7,799,848)
Long-term portion of restricted cash <sup>(2)</sup>	421,186	3,245,624
Total assets	43,775,967	77,066,582
<b>Operating</b>		
<b>Natural gas and crude oil production, before royalties</b>		
Natural gas (Mcf/d)	501	696
Natural gas liquids (bbl/d)	5	6
Crude oil (bbl/d)	1,070	1,588
<b>Total (boe/d)</b>	<b>1,159</b>	<b>1,710</b>
<b>Operating netbacks (\$/boe) <sup>(1)</sup></b>		
Natural gas (\$/Mcf)	\$0.05	\$0.10
Crude oil (\$/bbl)	\$17.28	\$18.43
<b>Total (\$/boe)</b>	<b>\$19.00</b>	<b>\$17.29</b>

<sup>(1)</sup>Non-IFRS measures – see “Non-IFRS Measures” section within the MD&A

<sup>(2)</sup>Long term restricted cash not included in working capital



Marshall Abbott, CEO of Arrow commented, “The first quarter of 2020 marked the return of significant challenges for the international oil & gas industry, following the outbreak of the COVID-19 pandemic. Arrow faces many of these same challenges, including lower crude oil prices as a result of reduced global oil demand.”

Mr. Abbott continued, “On our LLA-23 block, production rates over the past several months have been negatively impacted by lower oil prices, in addition to well-specific issues. As a result of these and other factors, following the second quarter ended June 30<sup>th</sup>, 2020, we made the difficult decision to temporarily shut-in production on the LLA-23 block. We believe this decision will preserve the Company’s limited capital resources, and will allow us to resume production if oil prices return to levels that make it profitable to produce oil at LLA-23. Production from the Tapir Block has also been shut-in, and management is evaluating the steps necessary to re-start production from that asset. Production at Ombu (Arrow holds 10%) remains shut-in pending the recovery of oil prices.”

Mr. Abbott concluded, “The Company once again wishes to extend its gratitude to all of our stakeholders for their continued support of Arrow during these challenging times for our industry. Arrow’s management and Board, including myself, remain committed to creating value from the Company’s significant asset base.”

### **Strategic Alternatives Process**

On November 28<sup>th</sup>, 2019, Arrow announced it had initiated a strategic alternatives process to be overseen by a Special Committee of the Board of Directors. Subsequently, the Company engaged Stifel Nicolaus Canada Inc. as financial advisor to explore a comprehensive range of strategic and transaction alternatives, including a sale, merger or other business combination; a disposition of all or certain assets of the Company; recapitalization and refinancing opportunities; sourcing new financing and equity capital; and other alternatives to improve the Company’s financial position and maximize value.

Management renewed the strategic alternatives process with its financial advisor in April 2020 and remains committed to the strategic alternatives process, and intends to provide updates as determined to be appropriate by the Board of Directors. There can be no guarantees as to whether the strategic alternatives process will result in a transaction or the terms or timing of any resulting transaction. Currently, while various parties have accessed data made available by the Company, there have been no material events, offers or proposals that would merit disclosure at this time.

### **Private Placement**

Further to the Company’s press release of June 12<sup>th</sup>, 2020, the proposed non-brokered private placement of 13,000,000 common shares of the Company at an issue price of \$0.025 per share has been conditionally approved by the TSX Venture Exchange, subject to participants who receive financial assistance from the Company to participate in the private placement agreeing that any shares issued will be escrowed and released to the subscriber only upon disinterested shareholder approval. If shareholder approval is not received within 12 months the share issuance will be cancelled and any subscription proceeds returned to the subscriber.



### **Option Grant**

Further to the Company's press releases dated May 23<sup>rd</sup>, 2020 and June 12<sup>th</sup>, 2020, the Company confirms that the Board of Directors has approved the issuance of 5,627,460 stock options to officers, directors and a consultant of the Company. Other than 375,000 stock options which will vest on the one year anniversary of their issuance, the remaining options will vest over three years in equal installments of 1/3<sup>rd</sup> per year. The stock options will be issued pursuant to the Company's stock option plan. In accordance with the TSX Venture Exchange policy, the stock options have been repriced to be issued with a strike price of \$0.05. Issuance of the stock options is conditional on receiving necessary regulatory approvals from the TSX Venture Exchange.

### **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 50% interest in the Tapir Block is contingent on the assignment by Ecopetrol SA of such interest to Arrow. Arrow's seasoned team is led by a hands-on executive team supported by an experienced board. Arrow is listed on the TSX Venture Exchange under the symbol "AXL".

### **For further information contact:**

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***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.***

### ***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, Arrow's evaluation of the impacts of COVID-19, the potential of Arrow's Colombian assets to*



*resume production, 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.*