



## Arrow Exploration Announces Bridge Loan

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Calgary, Alberta – October 22, 2020 – ARROW Exploration Corp. (“**Arrow**” or the “**Company**”) (TSXV:AXL) announces that its subsidiary, Carrao Energy S.A. (“Carrao”), has entered into an agreement with respect to a bridge loan (the “Bridge Loan”), the proceeds of which will assist the Company in meeting its near-term financial obligations and provide it with additional working capital as it moves towards the anticipated closing of the sale (the “Transaction”) of the LLA-23 Block (please refer to the Company’s press release of August 24<sup>th</sup>, 2020).

The key terms of the Bridge Loan are summarized below.

- The Bridge Loan is in the amount of US\$500,000, and has been provided by Colombia Energy Development Co. (“CEDCO”), an affiliate of COG Energy Ltd., which is the purchaser of the LLA-23 Block;
- The Bridge Loan provides the Company with additional funds to meet its near-term financial obligations and working capital requirements;
- The Bridge Loan has an annual interest rate of 6.0%, with interest payable monthly;
- The Bridge Loan has a one-time arrangement fee of 5.0% of the gross amount, deductible from the sale proceeds to be received pursuant to the Transaction;
- The Bridge Loan has no equity warrants, production participation, or any other such “return enhancement” features;
- The Bridge Loan shall be repayable upon the earliest of: (i) the closing of the Transaction, or (ii) the receipt by Carrao or by Samaria Llanos Exploration (“Samaria”), an indirect subsidiary of Arrow, of certain Value-Added Tax (“VAT”) refunds in Colombia, or (iii) where the closing of the Transaction is delayed after December 31<sup>st</sup>, 2020 or does not occur, or where the Transaction is terminated, either in cash or through the delivery of an equivalent value of crude oil produced from the LLA-23 Block and the Tapir Block; and
- The Bridge Loan is a senior secured obligation of Carrao and Samaria, but is subordinated to the promissory note held by Canacol Energy Ltd.

The Bridge Loan was unanimously approved by the Company’s Board of Directors.

### 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".

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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. 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.*