



Arrow Exploration Announces Closing of the Sale of the LLA-23 Block

Calgary, Alberta – December 30, 2020 – ARROW Exploration Corp. (“Arrow” or the “Company”) (TSXV: AXL) is pleased to announce the closing of the arm’s length disposition (the “Transaction”) of the LLA-23 Block to COG Energy Ltd. (“COG” or the “Purchaser”), as previously announced by the Company on August 24th, 2020. The gross proceeds from the Transaction, including customary closing adjustments, were approximately US\$12 million.

The closing of the Transaction marks a significant step forward in Arrow’s strategic alternatives process (“Strategic Process”). The Strategic Process was originally announced by the Company on November 28th, 2019 and has been steadfastly pursued by Arrow’s existing senior management team since their appointment in April 2020.

Having closed the Transaction, Arrow expects to have a significantly strengthened balance sheet. Arrow intends to focus its efforts on the remainder of its assets in Colombia, including the Tapir Block (Arrow 50%, contingent on the assignment by Ecopetrol SA of such interest to Arrow), the Santa Isabel Block (Arrow 100%) and the Ombu Block (Arrow 10%).

Marshall Abbott, CEO of Arrow commented, “We are very pleased to announce the closing of the Transaction. The Company wishes to extend its gratitude to all our stakeholders for their continued support of Arrow, and for their patience throughout the Transaction process. We also wish to thank Arrow’s staff, some of whom have joined COG upon closing of the Transaction, for their dedication to the Company. Arrow’s management and Board, including myself, remain committed to creating value from the Company’s asset base.”

The Company obtained TSX Venture Exchange and Colombian regulatory approvals with respect to the Transaction. Although not required, the Company obtained the written approval, by way of a resolution, of shareholders holding in aggregate greater than 50% of the Company’s common shares.

Description of LLA-23

The LLA-23 Block is situated in the Llanos Basin, approximately 245 kilometers northeast of Bogotá, the capital city of Colombia. The LLA-23 Block contains the Labrador, Leono, Pantro, Tigro and Danes fields. The LLA-23 E&P Contract with the Agencia Nacional de Hidrocarburos (ANH) was originally awarded as part of the ANH’s Mini-Ronda 2008 land auction, with an effective date of March 13th, 2009.

The LLA-23 Block constituted approximately 27% of the Arrow’s corporate net acreage, approximately 28% of Arrow’s Proved & Probable reserves (net) as of year-end December 31st, 2019, and none of Arrow’s production at the closing of the Transaction.



Advisors

Arrow's financial advisor on the Transaction was Stifel FirstEnergy. Arrow's legal advisors on the Transaction were Gowling WLG (Canada) LLP (Stuart Olley) and Posse Herrera Ruiz (Colombia) (Alvaro Rodriguez).

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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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 remaining Colombian assets (or any of them individually) 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.