Arrow Exploration Announces Potential for Production from West Pepper Well, Alberta

Calgary, Alberta – April 7, 2021 – ARROW Exploration Corp. (“Arrow” or the “Company”) (TSXV: AXL) is pleased to provide an update with respect to the potential for natural gas production from the Company’s 03-26-52-23W5 well located at West Pepper, Alberta.

Potential for Production from West Pepper Well, Alberta

Arrow is evaluating the potential for the tie-in of behind-pipe natural gas from the 03-26-52-23W5 exploration well (the “3-26 Well”) located at West Pepper, Alberta during Q3 2021. The Company expects to provide a further update with regards to its plans for the 3-26 Well in the coming months.

In January 2017, the 3-26 Well was drilled by Front Range Resources Ltd. (“Front Range”), the predecessor company to Arrow, to a total measured depth of 5,960 metres (3,689 metres TVD) with a 1,930 metre horizontal leg in the Upper Montney. The 3-26 Well was completed with a 31-stage slick-water frac with an average of approximately 38 tonnes of proppant placed per stage.

Over the initial 48 hours of the 278 hour flow test period, the 3-26 Well flowed at an average rate of approximately 5 MMscf/d of natural gas (0.04% H_2S) at a flowing casing pressure of 3,778 kPa (548 psi). No natural gas liquids were recovered during the test. Load fluid volumes representing 16% of total load fluid were recovered. Initial results from an injection fall-off test indicated a reservoir pressure of up to 48 MPa. Drilling and completion operations were on time and on budget.

In a subsequent test in May 2017, 3,800m of 2 3/8-inch tubing was run into the well to ready it for production. A static gradient was performed prior to flow testing and the well exhibited reservoir pressure of 43,500 kPa (6,300 psi), representing 14% overpressure. The 3-26 Well was then opened to flow and demonstrated a sustained rate at 7.5 MMscf/d at 16,500 kPa (2,400 psi). The test results are not indicative of long-term well performance or of the ultimate recoveries from the 3-26 Well.

In February 2021, the Company retained the services of an independent oil & gas engineering consultant (the “Consultant”) to assist Arrow in preparing an economic analysis (“Analysis”) of a potential tie-in of the 3-26 Well.

In summary, the conclusions of the Analysis included:

- Estimated on-stream costs of approximately C$1.3 million for a 650 metre tie-in to a pipeline with excess capacity;
- An estimated initial production rate of 5.5 MMscf/d from the 3-26 Well;
- A payback of approximately 11 months (pre-tax) assuming an AECO natural gas price of C$2.75/GJ; and
- No expected natural gas plant capacity constraints.

In summary, the material assumptions and calculations of the Analysis included:

- Current capital and operating costs, gathering, processing, and sales information and fees, and regulator and surface land requirements;
- Recoverable gas was calculated using volumetric gas-in-place and recovery factors appropriate to Montney tight gas fields with enhanced permeability layer and supported by analogue well performance in the Montney Smoky field;
- Capital costs were estimated assuming standalone well costs;
- Existing pipeline rights-of-way for the 3-26 Well have expired and will have to be re-surveyed and re-acquired; and
- Deposits for gathering and processing fees and refund of any LLR monies was not included in Analysis.

Readers are cautioned that the Analysis was not prepared in accordance with the reserve reporting requirements of National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101").

Resource Report

As per the resource report (the "Resource Report") prepared by GLJ Petroleum Consultants in accordance with the requirements of National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101"), effective as of March 31st, 2017 and announced by Front Range in a press release dated April 6th, 2017, a range of contingent and prospective resource estimates (low, best and high) were prepared by GLJ. The Resource Report estimated Petroleum Initially-in-Place ("PIIP"), both discovered and undiscovered, as well as recoverable contingent and prospective resources over the Pepper, Alberta property.

With respect to that portion of the PIIP that is discovered, there is uncertainty that it will be commercially viable to produce any portion of the resources. With respect to that portion of the PIIP that is undiscovered, there is no certainty that any portion of the resources will be discovered, and if discovered there is no certainty that it will be commercially viable to produce any portion of the resources.

In summary, the Resource Report best estimate gross unrisked contingent resources is 57.6 MMBoe (including 7.5 MMbbl of natural gas liquids). In addition, the Resource Report best estimate of gross unrisked prospective resources is 62.1 MMBoe (including over 8.0 MMbbl of natural gas liquids). The 2016-2017 winter drilling program consisted of two horizontal Montney wells, including the 3-26 Well and the 6-28-52-22W5 horizontal development well located at East Pepper, Alberta (the "6-28 Well"). The Resource Report was based, in part, on the results of the 3-26 Well and the 6-28 Well.

The Company refers readers to the additional information provided below with respect to certain definitions and methodologies used in the Resource Report.

(1) Petroleum Initially-in-Place (PIIP) was calculated in the Resource Report for gas volumes over the Pepper property. PIIP was divided into Discovered PIIP and Undiscovered PIIP, with Discovered PIIP being assigned to lands within two miles of a measurable hydrocarbon test.

(2) Contingent resources are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent resources have been assigned to lands within 2 miles of the successful test results. There is no certainty that it will be commercially viable to produce any portion of the contingent resources. The estimates of contingent resources involve implied assessment, based on certain estimates and assumptions, that the resources described exists in the quantities predicted or estimated, at a given date, and that the resources can be profitably produced in the future. Actual contingent resources (and any volumes that may be reclassified as reserves) and future production from such contingent resources may be greater than or less than the estimates provided, and variances may be material.

(3) Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. There is no certainty that any portion of the prospective resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources. The estimates of prospective resources involve implied assessment, based on certain estimates and assumptions, that the resources described exists in the quantities predicted or estimated, at a given date, and that the resources can be profitably produced in the future. Actual prospective resources and future production from such prospective resources may be greater than or less than the estimates provided, and variances may be material.

(4) The contingent and prospective resources have been risked for the chance of commerciality. The chance of commerciality (CoC) is defined as: CoC = chance of development x chance of discovery, where the chance of discovery for contingent resources is equal to 1.0. The summary of the contingent resource risking factor for the Pepper property is as follows:

Maturity Subclass	Unclarified
Economic Factor	0.70
Technology Factor	1.00
Development Plan Factor	0.70
Timeframe Factor	0.70
Other Contingency Factor	1.00
Chance of Commerciality	0.34

(5) Column total does not add exactly due to rounding.

The Resource Report was subject to considerable uncertainty due to the scarcity of high quality log data, mostly due to bad hole in the majority of the offsets that were drilled to deeper targets, and a lack of core data in general, with no core analysis available in the silty, tight looking Montney sediments in the area.

The Company cautions that the economic case for the development of the contingent and prospective resources presented herein will be dependent upon favourable results of additional testing and/or drilling in the project area. The early stage of the project necessitates the consideration of risk factors with respect to the Resource Report. Additional well and/or well test data may positively or negatively impact these risk factors.

The contingent resources have been risked for the chance of commerciality, or commercial development, defined as the probability of the chance of discovery and the chance of development. For contingent resources, the chance of discovery is equal to one. The chance of development is the estimated probability that once discovered, a known accumulation will be commercially developed, and has been estimated at 0.34 for the contingent resources. The contingent resources have established technology status.

Contingent resources can be sub-classified based on their project maturity sub-class which help identify a project's change of commerciality. All of the contingent resources identified in the Resource Report have been classified as "development unclarified", which is defined as contingent resources when the evaluation is incomplete and there is ongoing activity to resolve any risks or uncertainties. The contingent resources are located in a region of little Montney development. For contingent resources to be converted into reserves, management needs to confirm productivity for development not immediately offsetting existing wells/tests, and then develop firm plans including timing, infrastructure and the commitment of capital. Confirmation of commercial productivity is generally required before the Company can prepare firm development plans and commit the required capital for the development of the contingent resources. Additional contingencies are related to the current lack of in-field infrastructure required to develop the resources in a relatively quick time frame.

In addition, a portion of the resources have been classified as prospective resources. This accounts for areas of the Pepper property that is not within range of commercially tested wells. In addition to the development risk of 0.34, the prospective resources are further risked for chance of discovery using a factor of 0.90, resulting in a chance of commerciality of 0.31.

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, including without limitation, Arrow's evaluation of the impacts of COVID-19, the potential of Arrow's Colombian and/or Canadian assets (or any of them individually), the prices of natural gas prevailing in Alberta, the forecast capital costs of tying-in the 3-26 Well, the forecast operating costs associated with the 3-26 Well, the forecast initial production and the subsequent production performance of the 3-26 Well, the expected availability of pipeline capacity to tie-in the 3-26 Well, and Arrow's business plan to expand oil and gas 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.