

ARROW EXPLORATION CORP.

CORPORATE GOVERNANCE GUIDELINES

The Board of Directors (the “**Board**”) of Arrow Exploration Corp. (the “**Company**”) has established the following guidelines (“**Governance Guidelines**”) for the conduct and operation of the Board.

1. BOARD COMPOSITION AND SELECTION

1.1. Size of the Board

The number of directors shall be established by the Board in accordance with the Bylaws of the Company. The Board periodically determines the appropriate size of the Board, which may vary to accommodate the availability of suitable candidates and the needs of the Company. Directors are elected annually at each annual meeting of shareholders.

1.2. Independence of Directors

It is the policy of the Company that the Board be composed of not less than a majority of independent directors, subject to any exceptions permitted by the TSX Venture Exchange listing standards. In determining independence, the Board will consider the definition of independence set forth in such listing standards, as well as other factors that will contribute to effective oversight and decision-making by the Board.

1.3. Management Directors

The Board anticipates that the Company’s Chief Executive Officer (“**CEO**”) will be nominated to serve on the Board. The Board may also appoint or nominate other members of the Company’s management whose experience and role at the Company are expected to assist the Board in fulfilling its responsibilities.

1.4. Selection of Chair of the Board, and Lead Independent Director

The Board will select the Company’s Chair of the Board (the “**Chair**”) in the manner that it determines to be in the best interests of the Company’s shareholders.

(i) If the Chair is a non-employee director, the Chair will have the following responsibilities:

- Preside over the meetings of the Board of Directors;
- Determine, after consultation with the Company’s senior management team (the “**Senior Management**”), the frequency and length of meetings;
- Establish, after consultation with the Company’s Senior Management, the agenda for regular and special Board meetings. Each Board member, however, is free to suggest the inclusion of item(s) on the agenda;

- Establish the agenda for meetings of the independent directors;
- Preside over meetings of the independent directors;
- Coordinate the activities of the other independent directors and perform such other duties as may be established or delegated by the Board; and
- Call special meetings of the shareholders.

(ii) If the Chair is an employee director, one of the independent directors shall be designated by the Board as lead independent director to serve until replaced by the Board (“*Lead Independent Director*”). The Lead Independent Director will have the following responsibilities:

- Determine, after consultation with Senior Management and the Chair, the frequency and length of meetings;
- Establish, after consultation with the Chair and Senior Management, the agenda for regular and special Board meetings. Each Board member is free to suggest the inclusion of item(s) on the agenda;
- Preside, in the absence of the Chair, over the meetings of the Board of Directors;
- Establish the agenda for meetings of the independent directors;
- Preside over meetings of the independent directors;
- Preside over any portions of meetings of the Board at which the evaluation or compensation of the CEO is presented or discussed;
- Preside over any portions of meetings of the Board at which an assessment of the performance of the Board is presented or discussed;
- Coordinate consideration of, and represent the Board with respect to, any particular issues identified by the Board;
- Coordinate the activities of the other independent directors and perform such other duties as may be established or delegated by the Chair; and

(iii) If the Chair is an employee director, the Chair will have the following responsibilities:

- Preside over the meetings of the Board of Directors except any portions of meetings of the Board at which (i) the evaluation or compensation of the CEO is presented or discussed, or (ii) an assessment of the performance of the Board is presented or discussed;

- With the Lead Independent Director and Senior Management, establish the agenda for regular and special Board meetings; and
- Determine, after consultation with Senior Management and the Lead Independent Director, the frequency and length of meetings.

1.5. Selection of Directors

The Board will be responsible for nominating members for election to the Board by the Company's shareholders at the annual meeting of shareholders. The Board is also responsible for filling vacancies on the Board that may occur between annual meetings of shareholders. The Nominating and Corporate Governance Committee is responsible for identifying, reviewing and evaluating and recommending to the Board candidates to serve as directors of the Company, in accordance with its charter and consistent with the criteria set by the Board in Section 1.6 below.

1.6. Board Membership Criteria

The Nominating and Corporate Governance Committee will determine the appropriate characteristics, skills and experience for the Board as a whole and for its individual members. The Board considers recommendations for nominees from the Nominating and Corporate Governance Committee. In selecting candidates and existing directors for service on the Board, the minimum general criteria set forth below will be considered; specific additional criteria may be added with respect to specific searches. An acceptable candidate may not fully satisfy all of the criteria, but is expected to satisfy nearly all of them.

The Nominating and Corporate Governance Committee believes that candidates for director should have certain minimum qualifications, including being able to read and understand basic financial statements, being over 21 years of age and having the highest personal integrity and ethics. In considering candidates recommended by the Nominating and Corporate Governance Committee, the Nominating and Corporate Governance Committee intends to consider such factors as possessing relevant expertise upon which to be able to offer advice and guidance to management, having sufficient time to devote to the affairs of the Company, demonstrated excellence in his or her field, having the ability to exercise sound business judgment and having the commitment to rigorously represent the long-term interests of the Company. Candidates for director nominees are reviewed in the context of the current composition of the Board, the operating requirements of the Company and the long-term interests of shareholders. In conducting this assessment, the Nominating and Corporate Governance Committee considers diversity, age, skills, and such other factors as it deems appropriate given the current needs of the Board and the Company, to maintain a balance of knowledge, experience and capability. In the case of incumbent directors whose terms of office are set to expire, the Nominating and Corporate Governance Committee reviews each director's overall service to the Company during his or her term, including the number of meetings attended, level of participation, quality of performance, and any other relationships and transactions that might impair such director's independence. In the case of new director candidates, the Nominating and Corporate Governance Committee also determines whether the nominee must be independent for the purposes of the TSX Venture Exchange.

1.7. Changes in Board Member Criteria

The Board and the Company wish to maintain a Board composed of members who can productively contribute to the success of the Company. From time to time, the Nominating and Corporate Governance Committee or the Board may change the criteria for Board membership to maximize the opportunity to achieve this success. When this occurs, existing members will be evaluated according to the new criteria. A director who no longer meets the complete criteria for board membership may be asked to adjust his or her committee assignments or resign from the Board.

1.8. Term Limits

The Board does not believe it should limit the number of terms for which an individual may serve as a director. Directors who have served on the Board for an extended period of time are able to provide continuity and valuable insight into the Company, its operations and prospects based on their experience with, and understanding of, the Company's history, policies and objectives. The Board believes that, as an alternative to term limits, it can ensure that the Board continues to evolve and adopt new ideas and viewpoints through the director nomination process described in these Governance Guidelines.

1.9. Limits on Number and Types of Board Memberships

The Board does not believe that its members should be prohibited from serving on boards or committees of other companies, and the Board has not adopted any guidelines limiting such activities. Directors should advise the Chair and the Chair of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve on the board or board committee of another company. The Board and the Nominating and Corporate Governance Committee will take into account the nature and time involved in a director's service on other boards in evaluating the suitability of directors. Service on boards and board committees of other companies should be consistent with the Company's conflict-of-interest policies. Notwithstanding the foregoing, no member of the Board shall serve on the board of directors of a company in the oil or gas exploration or operations business with operations in the same country(ies) as the Company, without the express approval of the Board of Directors.

1.10. Retirement Age

The Board does not believe that a fixed retirement age for directors is appropriate.

1.11. Directors Who Change Their Job Responsibility

A director who retires from his or her present employment or who materially changes his or her position should promptly notify the Board and the Nominating and Corporate Governance Committee. The Board does not believe any director who retires from his or her present employment, or who materially changes his or her position, should necessarily leave the Board; however, there should be an opportunity for the Board, through the Nominating and Corporate Governance Committee, to review the continued appropriateness of Board membership under these circumstances.

2. ROLE OF THE BOARD OF DIRECTORS

The Board is selected by the shareholders to provide oversight of, and strategic guidance to, senior management. The core responsibility of a Board member is to fulfill his or her fiduciary duties of care and loyalty and otherwise to exercise his or her business judgment in the best interests of the Company and its shareholders. Service on the Board requires significant time and attention on the part of directors. More specifically, the Board has responsibilities to review, approve and monitor fundamental financial and business strategies and major corporate actions, assess major risks facing the Company and consider ways to address those risks, select and oversee management and determine its composition and oversee the establishment and maintenance of processes and conditions to maintain the integrity of the Company. Directors must participate in Board meetings, review relevant materials, serve on committees and prepare for meetings and discussions with management. Directors are expected to maintain an attitude of constructive involvement and oversight; they are expected to ask relevant, incisive and probing questions and require honest and accurate answers. Directors must act with integrity and are expected to demonstrate a commitment to the company, its values and its business and to long-term shareholder value. Directors are expected to attend the Company's annual meeting of shareholders, either in person or telephonically.

3. DIRECTOR ORIENTATION AND EDUCATION

Each new director must participate in the Company's orientation program, which generally should be conducted within two months after a director is first elected to the Board. This orientation will include familiarizing new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, its principal officers, and its internal and independent auditors. In addition, the orientation program will include a visit to the Company to meet with senior management and tours of Company facilities to understand better the Company's business and culture. All other directors are also invited to attend the orientation program. In addition, each director is expected to maintain the necessary level of expertise to perform his or her responsibilities as a director. The Company may, from time to time, offer continuing education programs to assist the directors in maintaining such level of expertise.

4. DIRECTOR COMPENSATION

The form and amount of director compensation for Board and committee service shall be reviewed by the Compensation Committee in accordance with the principles set forth in its charter and applicable legal and regulatory guidelines and recommended to the Board for approval. The amount of compensation for directors and committee members should be consistent with market practices of similarly situated companies and should encourage increased ownership of the Company's stock through the payment of a portion of director compensation in Company stock or options to purchase the Company's stock, or both. In determining compensation, the Compensation Committee will consider the impact on the director's independence and objectivity.

5. BOARD MEETINGS

5.1. Number of Meetings.

The Board expects to have at least five regular meetings each year, generally in each quarter of the year to review financial results and to set budgets and goals.

5.2. Attendance.

Board members are expected to attend all meetings of the Board and committees on which they serve. Directors must notify the Chair of circumstances preventing attendance at a meeting.

5.3. Preparation and Commitment.

The Company will provide directors with appropriate preparatory materials in advance of a meeting, but in any event not later than three days prior to the meeting, except in unusual circumstances. Directors are expected to rigorously prepare for, attend, and participate in all Board and committee meetings. Each director is expected to ensure that other existing and planned future commitments do not materially interfere with the member's service as director.

5.4. Agenda.

The Chair, and with respect to meetings of the independent directors the Lead Independent Director, will establish a schedule of subjects to be discussed during the year (to the extent this can be foreseen) and an agenda for each Board meeting. Each Board member is encouraged to suggest the inclusion of items on the agenda at any time. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting.

5.5. In Camera Session.

The independent directors of the Board will meet regularly in camera sessions but no less than the number required by the listing standards of the TSX Venture Exchange. In camera session discussions may include such topics as the independent directors determine. The directors generally shall not take formal action at these sessions, but may make recommendations for consideration by the full Board. In camera sessions will be chaired by the Chair or, if the Chair is not an independent director, by the Lead Independent Director.

5.6. Committee Reports

At each regular Board meeting, each committee that held a meeting subsequent to the last Board meeting and prior to the current Board meeting will present a brief summary of its committee meeting to the Board, including the principal subjects discussed and the conclusions and actions of the committee. In general, the Chair of the appropriate committee will present such report.

5.7. Operating Plan

Each year the Board will review and approve an operating plan for the Company.

6. BOARD COMMITTEES

6.1. Number of Committees; Independence of Members

The committee structure of the Board will consist of at least (a) an Audit Committee, (b) a Compensation Committee, (c) a Nominating and Corporate Governance Committee, and (d) a Reserves Committee. The Board may form, merge or dissolve committees as it deems appropriate from time to time. The Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee shall be composed entirely of independent directors except to the extent allowed under applicable listing standards of the TSX Venture Exchange. The Reserves Committee shall be composed of a majority of independent directors, as defined by the listing standards of the TSX Venture Exchange.

6.2. Committee Functions

The functions of the various committees are specified in their respective charters.

6.3. Committee Charters

All standing committees will operate pursuant to a written charter, which sets forth the responsibilities of the committee and powers that the committee has. The charters of all committees will be subject to periodic review and assessment by each committee and each committee shall recommend any proposed charter changes to the Board. The charters of each of the Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Reserves Committee are to be posted on the Company's website.

6.4. Board Committee Membership

The Nominating and Corporate Governance Committee, after due consideration of the interests, independence and experience of the individual directors and the independence and experience requirements of the TSX Venture Exchange, the rules and regulations of the Canadian Securities Administrators and applicable law, recommends to the Board annually the Chairship and membership of each committee.

6.5. Committee Meetings and Agenda

The committee Chair, in consultation with committee members, will determine the frequency and length of the meetings of the committee, consistent with any requirements set forth in the committee's charter. The Chair of each committee, in consultation with the appropriate members of the committee, the Board and management, will develop the committee's agenda.

7. BOARD ACCESS TO MANAGEMENT; USE OF OUTSIDE ADVISORS

Board members have complete and open access to the Company's management. It is assumed that Board members will use judgment to ensure that this contact is not distracting to the operations of the Company or to the managers' duties and responsibilities and that such contact, to the extent reasonably practical or appropriate, will be coordinated with the Chief

Executive Officer. Written communications to management should, whenever appropriate, be copied to the Chief Executive Officer.

The Board and each committee shall have the power to hire at the expense of the Company, independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

8. CHIEF EXECUTIVE OFFICER EVALUATION; SUCCESSION PLANNING

The Board, after consultation with the Compensation Committee, should conduct an annual review of the Chief Executive Officer's performance. The evaluation should consider the Chief Executive Officer's performance in light of relevant corporate goals and objectives set by the Compensation Committee, including his or her performance in fostering a corporate culture that promotes the highest level of integrity and ethical standards; developing and executing the Company's long-term strategic plan and conducting the business of the Company in a manner appropriate to enhance long-term shareholder value; and any other relevant objective criteria. The evaluation will be used by the Compensation Committee and Board in the course of its deliberations when considering the compensation of the Chief Executive Officer.

The Nominating and Corporate Governance Committee should periodically review with the Chief Executive Officer the Company's plan for succession to the offices of the Company's executive officers and make recommendations to the Board with respect to the selection of appropriate individuals to succeed to these positions. The Chief Executive Officer should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

9. BOARD ASSESSMENT

The Nominating and Corporate Governance Committee will periodically conduct an evaluation to determine whether the Board and its committees are functioning effectively. The Nominating and Corporate Governance Committee will receive feedback from all directors and report to the Board with the assessment. The assessment should include an evaluation of (a) the Board's and each committee's contribution as a whole and effectiveness in serving the best interests of the Company and its shareholders, (b) specific areas in which the Board and management believe that the performance of the Board and its committees could be improved, (c) and overall Board composition and makeup. The results of these evaluations should be provided to the Board for further discussion as appropriate.

10. REVIEW OF GOVERNANCE GUIDELINES

The Nominating and Corporate Governance Committee will periodically review and assess the adequacy of these Governance Guidelines and recommend any proposed changes to the Board for approval.