

ARROW EXPLORATION CORP.

INSIDER TRADING AND BLACKOUT POLICY

The purpose of this policy is to set forth the policies of Arrow Exploration Corp. (the “Corporation”) concerning insider trading and trading blackouts in order to ensure the strict compliance by all insiders with the prohibition against insider trading.

1. General Rule

All those with access to material confidential information are prohibited from using such information in trading in the Corporation’s securities until the information has been fully disclosed and a reasonable period of time has passed for the information to be disseminated. In general, the Corporation has stipulated that a minimum of one clear trading day be allowed after the release of all such disclosures, including after the release of financial statements as well as certain black-out periods noted below.

This prohibition applies not only to trading in the Corporation’s securities, but also to trading in other securities whose value may be affected by changes in the price of the Corporation’s securities.

If a person becomes aware of undisclosed material information about another public Corporation, the person may not trade in securities of that other Corporation.

Insider trading is strictly regulated by the corporate and securities laws in Canada, as well as the TSX Venture Exchange.

2. Insiders

All directors, officers and major shareholders (over 10%) of the Corporation are insiders and must file an initial report with the applicable securities commissions and with all other securities regulatory authorities in Canada upon acquiring any securities in the Corporation or upon becoming an insider (whichever last occurs) and to report all trades made in the securities of the Corporation within ten days of the day any trade is made. Trades include a change in nature of the ownership of the securities (e.g. a disposition to a company controlled by the insider or a determination that the securities are to be held in trust for another person). An “officer” is defined as:

- (a) a chair or vice-chair of the board of directors, a chief executive officer, a chief operating officer, a chief financial officer, a president, a vice-president, a secretary, an assistant secretary, a treasurer, an assistant treasurer and a general manager;
- (b) every individual who is designated as an officer under a by-law or similar authority of an issuer; and
- (c) every individual who performs functions similar to those normally performed by an individual referred to in (a) or (b) above.

Each person that is obligated to file a report is responsible for filing his or her own report.

3. “Special Relationship”

Any person or company that is in a “special relationship” with the Corporation is prohibited from trading on the basis of undisclosed material information concerning the affairs of the Corporation. A person or company considered to be in a “special relationship” includes the following:

- (a) a person or company that is an insider, affiliate or associate of,
 - (i) the Corporation;
 - (ii) a person or company that is proposing to make a take-over bid for the securities of the Corporation; or
 - (iii) a person or company that is proposing to become a party to a reorganization, amalgamation, merger or arrangement or similar business combination with the Corporation or to acquire a substantial portion of its property;
- (b) a person or company that is engaging in or proposes to engage in any business or professional activity with or on behalf of the Corporation or with or on behalf of a person or company described in subclause (a) (ii) or (iii);
- (c) a person who is a director, officer or employee of the Corporation or of a person or company described in subclause (a) (ii) or (iii) or clause (b);
- (d) a person or company that learned of the material fact or material change with respect to the Corporation while the person or company was a person or company described in clause (a), (b) or (c); and
- (e) a person or company that learns of a material fact or material change with respect to the Corporation from any other person or company described in this subsection, including a person or company described in this clause, and knows or ought reasonably to have known that the other person or company is a person or company in such a relationship.

Securities laws also prohibit “tipping” which is defined as communicating non-public material information, other than in the necessary course of business, to another person. All officers, directors and employees must ensure that they do not divulge such non-public information to any unauthorized person, whether or not such person may trade on the information. If in doubt about the need to disclose, the matter should be discussed with the Chief Executive Officer of the Corporation.

4. Speculation In Securities

In order to ensure that perceptions of improper insider trading do not arise, insiders should not “speculate” in securities of the Corporation. For the purpose of this Policy, the word “speculate”

means the purchase or sale of securities with the intention of reselling or buying back in a relatively short period of time in the expectation of a rise or fall in the market price of such securities. Speculating in such securities for a short term profit is distinguished from purchasing and selling securities as part of a long term investment program.

Insiders should not at any time sell securities of the Corporation short or buy or sell a call or put option in respect of securities of the Corporation or any of its affiliates.

5. Liability For Insider Trading

Liability is imposed by the Securities Act (Alberta) (the “**Act**”) on certain persons who, in connection with the purchase or sale of securities, make improper use of material information that has not been publicly disclosed.

The relevant provincial securities legislation provides that persons who are in a special relationship with the Corporation and purchase or sell securities of the Corporation with knowledge of material information which has not been generally disclosed may be liable for damages to the person on the other side of the trade. In addition, any such person who informs or tips a seller or a purchaser of securities of confidential material information may be liable for damages. The purchaser, vendor or informer is also liable to account to the Corporation for his or her gain. Under the Act, a person who engages in trading with knowledge of undisclosed material information or tipping is also liable to a minimum fine equal to the profit made or loss avoided, and a maximum fine equal to the greater of (i) \$5,000,000; and (ii) an amount equal to three times any profit made or loss avoided. Under the Act, any such person may also be liable for imprisonment for a term of up to five years less a day.

Please note that anyone who learns of material undisclosed information from any person in a special relationship with the Corporation is also considered to be in a special relationship with the Corporation.

6. What Is A Security?

The definition of “security” includes shares, options, subscriptions or other interests in or to a security and includes puts, calls, or other rights or obligations to purchase or sell securities, the market price of which varies materially with the market price of the securities of the Corporation.

7. Trading Blackouts

7.1 General

A trading blackout prohibits trading:

- (a) before a scheduled material announcement is made;
- (b) before an unscheduled material announcement is made; and
- (c) for a specific period of time after a material announcement has been made.

Management will consider pending transactions to determine when to prohibit trading. Notwithstanding the foregoing, the trading blackouts prescribed by this policy shall not prohibit the exercise of stock options held by any person to whom this policy applies during any such blackout period, provided however that all securities underlying such stock options shall be subject to the trading blackouts imposed hereunder. In some cases, the prohibition on trading may occur as soon as discussions about a transaction begin. During blackout periods, the Corporation must also avoid discussions with analysts, private briefings and interviews to the maximum extent reasonable. An appropriate response (not involving disclosure of material and/or non-public information) should be developed ahead of meetings that cannot be avoided to handle questions about the information which is the subject of the blackout.

7.2 **Pre-announcement Trading Blackout**

(a) Scheduled material announcements

All directors, officers, employees and other persons subject to this policy are prohibited from trading for a minimum of five trading days before the release of financial statements, which minimum period is subject to increase at the discretion of the board of directors from time to time. The Chief Executive Officer of the Corporation, or another individual as may be designated by the Chief Executive Officer, will disseminate a facsimile or e-mail to all of the directors, officers and employees of the Corporation and other persons subject to this policy confirming the scheduled release date for financial statements, and the date preceding such scheduled release upon which date the blackout period will commence (subject to any subsequent e-mail or facsimile confirmation from the Chief Executive Officer, or another individual as may be designated by the Chief Executive Officer, amending such scheduled release date and corresponding blackout period).

(b) Unscheduled material announcements

The Corporation will impose a blackout period if there is a pending undisclosed material development on all directors, officers and employees where they are prohibited from trading. The blackout period will commence at the time that the Chief Executive Officer, or another individual as may be designated by the Chief Executive Officer, disseminates a facsimile or e-mail to all of the directors, officers and employees of the Corporation confirming same.

7.3 **Post-announcement Trading Blackout**

The Corporation must allow the market time to absorb the information before directors, officers and employees can resume trading after the release of material information.

(a) Scheduled material announcements

All directors, officers, employees and other persons subject to this policy are prohibited from trading for one clear trading day after the release of financial statements.

(b) **Unscheduled material announcements**

All directors, officers, employees and other persons subject to this policy are prohibited from trading for one clear trading day after the earlier of: (i) the unscheduled material announcement being made; and (ii) the dissemination of an e-mail from the Chief Executive Officer, or another employee of the Corporation directed by the Chief Executive Officer, confirming that the information in question is no longer material.

An authorized representative of the Corporation as designated by the Chief Executive Officer from time to time will keep a record of the dates of all trading black-out periods and the reason for the black-out period.