



## Arrow Exploration Announces Second Quarter 2021 Financial and Operating Results

**Calgary, Alberta – August 30, 2021** – ARROW Exploration Corp. (“Arrow” or the “Company”) (TSXV: AXL) is pleased to announce the filing of its unaudited Financial Statements and MD&A for the quarter-ended June 30<sup>th</sup>, 2021, which are available on SEDAR ([www.sedar.com](http://www.sedar.com)). All dollar figures are in U.S. dollars, except as otherwise noted. Financial and operating highlights for the quarter include the following:

### FINANCIAL AND OPERATING HIGHLIGHTS

(in United States dollars, except as otherwise noted)	Three months ended June 30, 2021	Six months ended June 30, 2021	Three months ended June 30, 2020
<b>Financial Highlights</b>			
Total natural gas and crude oil revenues, net of royalties	941,620	1,789,052	896,011
Funds flow from (used in) operations <sup>(1)</sup>	(247,010)	(618,117)	(1,345,899)
Per share – basic (\$) and diluted (\$)	(0.00)	(0.01)	(0.02)
Net income (loss)	(734,317)	(1,244,722)	3,168,919
Per share – basic (\$) and diluted (\$)	(0.01)	(0.02)	0.05
Adjusted EBITDA <sup>(1)</sup>	(529,784)	(702,202)	(946,363)
Weighted average shares outstanding – basic and diluted	68,674,602	68,674,602	68,674,602
Common shares end of period	68,674,602	68,674,602	68,674,602
Capital expenditures	(15,378)	81,952	180,795
Cash and cash equivalents	4,559,231	4,559,231	238,247
Current Assets	8,773,936	8,773,936	5,572,191
Current liabilities	5,632,719	5,632,719	15,730,805
Working capital (deficit) <sup>(1)</sup>	3,141,217	3,141,217	(10,158,614)
Long-term portion of restricted cash <sup>(2)</sup>	503,257	503,257	437,412
Total assets	25,948,551	25,948,551	47,386,940
<b>Operating Highlights</b>			
<b>Natural gas and crude oil production, before royalties</b>			
Natural gas (Mcf/d)	373	378	545
Natural gas liquids (bbl/d)	4	4	6
Crude oil (bbl/d)	264	220	321
<b>Total (boe/d)</b>	<b>331</b>	<b>287</b>	<b>418</b>
<b>Operating netbacks (\$/boe) <sup>(1)</sup></b>			
Natural gas (\$/Mcf)	0.74	0.88	(0.17)
Crude oil (\$/bbl)	27.31	31.44	(7.18)
<b>Total (\$/boe)</b>	<b>22.37</b>	<b>25.19</b>	<b>(5.57)</b>

<sup>(1)</sup>Non-IFRS measures – see “Non-IFRS Measures” section within the MD&A

<sup>(2)</sup>Long term restricted cash not included in working capital



## Discussion of Operating Results

The Company's Q2 2021 average corporate production was 331 boe/d, an increase of 89 bbls/d compared to Q1 2021 average corporate production of 242 bbls/d, or 37%. The Company exited Q2 2021 with corporate production of 535 boe/d.

The increase in production quarter-over-quarter was largely attributable to the re-start of production from the Company's Oso Pardo field and its share of production from the Capella field, both in Colombia and as discussed further below.

The Company notes that it benefited from production at the Oso Pardo field for only 9 out of 91 days in Q2 2021, as the Morsa-1 well was re-started on approximately June 22<sup>nd</sup>, 2021. During Q3 2021, the Company expects to benefit from a full quarter of production from the Morsa-1 well, as well as production from the Oso Pardo-1 and Oso Pardo-2 wells.

The Company's production on a year-to-date, sequential quarterly, and year-over-year quarterly basis is summarized below.

### Average Production by Property

Average Production Boe/d	YTD 2021	Q2 2021	Q1 2021	Q2 2020
LLA-23	-	-	-	271
Oso Pardo	10	20	-	-
Ombu (Capella)	50	97	-	-
Rio Cravo Este (Tapir)	160	147	174	50
<b>Total Colombia</b>	<b>220</b>	<b>264</b>	174	321
Fir, Alberta	67	67	68	97
<b>TOTAL (Boe/d)</b>	<b>287</b>	<b>331</b>	242	418

During Q2 2021 and subsequent to the quarter-end the Company successfully executed on several initiatives to continue increasing its production and cash flow, including:

- Replacing a pump in the Morsa-1 well at the Oso Pardo field (100% Arrow), bringing the well back on production at an initial rate of 392 bbls/day, which has since stabilized at a rate of approximately 105 bbls/d;
- Re-starting production from the Oso Pardo-1 and Oso Pardo-2 wells, located adjacent to Morsa-1, and adding combined current production of approximately 31 bbls/d; and
- After a brief pause in production due to nation-wide protests in Colombia, re-starting production at the Capella Field (10% Arrow) at a rate of 177 bbls/d, net to Arrow, which has since increased to a rate of approximately 197 bbls/d, net to Arrow; and
- Announcing the planned tie-in of behind-pipe natural gas from the 03-26-52-23W5 well (the "3-26 Well") located at West Pepper, Alberta.



## Discussion of Financial Results

During Q2 2021, the Company continued to realize strong oil and gas prices, as summarized in the following table.

### Average Benchmark and Realized Prices

	Three months ended June 30			Six months ended June 30		
	2021	2020	Change	2021	2020	Change
<b>Benchmark Prices</b>						
AECO (\$/Mcf)	2.48	1.47	69%	2.39	1.50	59%
Brent (\$/bbl)	69.08	31.08	122%	65.23	37.94	72%
West Texas Intermediate (\$/bbl)	66.19	28.00	136%	62.22	36.81	69%
<b>Realized Prices</b>						
Natural gas, net of transportation (\$/Mcf)	3.05	1.31	133%	3.04	1.37	122%
Natural gas liquids (\$/bbl)	48.26	9.45	411%	48.86	17.96	172%
Crude oil, net of transportation (\$/bbl)	63.19	28.11	101%	59.10	38.60	45%
<b>Corporate average, net of transport (\$/boe)<sup>(1)</sup></b>	<b>52.78</b>	<b>23.45</b>	<b>104%</b>	<b>48.92</b>	<b>35.10</b>	<b>33%</b>

<sup>(1)</sup>Non-IFRS measures – see “Non-IFRS Measures” section within the MD&A

The Company experienced an increase in operating netbacks during Q2 2021 as compared to Q2 2020, increasing to \$22.37/boe in Q2 2021 from (\$5.57)/boe in Q2 2020. The increase in operating netbacks on a year-over-year quarterly basis is attributable to: (i) higher Brent crude and AECO natural gas prices, which resulted in higher revenues per boe of production sold, and (ii) lower operating expenses associated with the Company’s production, which decreased to \$24.58/bbl during Q2 2021 from \$29.15/bbl during Q2 2020.

The Company experienced a decrease in operating netbacks during Q2 2021 as compared to Q1 2021, declining to \$22.37/boe in Q2 2021 from \$27.77/boe in Q1 2021. The decrease in operating netbacks on a sequential quarterly basis is attributable to: (i) one-time operating costs associated with the pump replacement at the Morsa-1 well, which was required to bring the well back on production, and (ii) a higher proportion of the Company’s production coming from the Oso Pardo and Capella fields, which have higher operating costs when compared to production from the Tapir Block.

The operating costs incurred in Q2 2021 to re-start production from the Morsa-1, Oso Pardo-1, and Oso Pardo-2 wells were approximately \$325,000 (exclusive of VAT), or the equivalent of approximately \$7.40 per flowing barrel of initial production from these wells, making the re-start of these wells highly capital-efficient.

The Company did not incur material capital expenditures during Q2 2021.

At the end of Q2 2021 the Company had a positive working capital position of \$3.1 million, and a cash position of \$4.6 million.



## **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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*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 oil and/or natural gas, 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.*