

20 October 2021

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**Arrow Exploration Corp.**

("Arrow" or the "Company")

**FUNDRAISING**

**AND**

**PUBLICATION OF AIM ADMISSION DOCUMENT**

Arrow Exploration Corp. (AIM: AXL ; TSXV: AXL) , the oil and gas exploration and production company, is pleased to announce that it has conditionally raised approximately £8.8 million (C\$15.0 million), through a placing and subscription for new common shares with new investors, Canacol Energy Ltd. ("**Canacol**"), and executive management (together, the "**Fundraising**") and is today publishing an AIM Admission Document in connection with the admission of the enlarged share capital of the Company to trading on the AIM Market of the London Stock Exchange plc ("**AIM**" and "**Admission**", respectively). The Company will maintain its listing on the TSX Venture Exchange ("**TSX-V**").

**Highlights of the Fundraising**

- The Fundraising comprises a placing and subscription of 140,949,545 new common shares (the "**Fundraising Shares**") at an Issue Price of 6.25p (C\$0.106125) (the "**Fundraising Price**") per new common share.
- Executive management investing approximately £0.83 million (C\$1.41 million) in the Fundraising.
- Canacol participating in the subscription, to hold 19.9% of the enlarged share capital at Admission.
- Investors in the Fundraising to receive one warrant ("**Warrant**") for every two Fundraising Shares, exercisable at 9p (C\$0.15282) per new common share for 24 months from AIM admission.
- At the Fundraising Price, the Company's market capitalisation will be £13.1 million (C\$22.3 million). The Fundraising Price represents a discount of approximately 24.2% to the Company's closing share price (on the TSX-V) preceding the pricing of the Fundraising.
- The net proceeds of the Fundraising (together with Company's existing funds, if required) are expected to be used to drill two wells at Rio Cravo Este, commencing by the end of 2021, and will also be deployed in drilling the Carrizales Norte-1 exploration well (the "**Work Programme**"). Additionally, the Company will deploy funds to repay approximately US\$3.15 million of Canacol's Promissory Note with the Company.

- The Admission Document in relation to the Fundraising will be uploaded to the Company's website today.
- Admission expected on 25 October 2021, under the code AXL.
- Completion of the Fundraising is subject to certain closing conditions including, but not limited to, Admission, the receipt of all necessary approvals including the conditional listing approval of the TSX-V and any other securities regulatory approvals.
- Arden Partners plc is acting as nominated adviser, broker and bookrunner to the Company in connection with the Fundraising and Admission.

### **Non-Brokered Private Placement**

In addition to the Fundraising, the Company intends, following Admission, to raise up to an additional C\$0.5 million by way of a non-brokered private placement (the "**Private Placement**") in Canada. The Private Placement is expected to be conducted at the same price as the Fundraising (and in any event at a price not less than the Fundraising Price). The Private Placement is expected to close in late October 2021 or early November. The net proceeds from the Private Placement will also be applied towards the Work Programme.

### **Marshall Abbott, Chairman and CEO of Arrow, said:**

*"We are very pleased with the results of the Fundraising, and we look forward to our AIM admission and to closing the additional Private Placement in the near-term. We wish to welcome our new shareholders and thank our existing shareholders for their continued support.*

*This fundraising, together with our current cash position which exceeds US\$5 million, plus our cash-flow generative production in Colombia, means that Arrow will be well-positioned to execute on its Work Programme as well as the near-term tie-in of the 3-26 West Pepper gas well in Alberta, Canada as previously announced.*

*We look forward to updating our shareholders in the coming weeks and months, as we continue to unlock the tremendous value of our asset base."*

### **Arrow Overview**

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.

### **Admission to AIM**

Application will be made for the Company's enlarged share capital to be admitted to trading on the AIM. Admission is expected to become effective and dealings in the common shares are expected to commence on AIM from 8.00 am on 25 October 2021, with shares trading under the symbol "AXL".

The Fundraising is conditional, amongst other things, on (i) TSX-V approval (ii) Admission taking place on or before 25 October 2021 (or such later date as the Company and Arden may agree, but in any event not later than 19 November 2021), and (iii) the placing agreement that has been entered into between Arden Partners plc, the Company and the directors of the Company becoming unconditional and not being terminated prior to Admission.

The Fundraising Shares will be issued credited as fully paid and will, on issue, rank pari passu in all respects with the existing common shares, including the right to receive all dividends and other distributions thereafter declared, made or paid on the enlarged share capital from Admission.

### **Publication of Admission Document**

The Company will today publish its Admission Document in relation to Admission. The Admission Document will be available to download later today from the Company's website at [www.arrowexploration.ca](http://www.arrowexploration.ca).

### **Timetable**

|  |                 |
|--|-----------------|
| Publication of Admission document  | 20 October 2021 |
| Issue of the Fundraising Shares and Admission of common shares and dealings on AIM | 25 October 2021 |

Certain Directors and members of the management team of the Company ("Insiders") have subscribed for new common shares pursuant to the Fundraising. The issuance of new common shares to these Insiders pursuant to the Fundraising will be considered to be a related party transaction within the meaning of TSX-V Policy 5.9 and Multilateral Instrument 61-101 ("MI 61-101"). The Company intends to rely on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(b) and 5.7(1)(b) of MI 61-101 in respect of any Insider participation.

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## **FURTHER INFORMATION**

### **Important Information**

Members of the public are not eligible to take part in the Fundraising. This announcement (including this "**Further Information**" section) is for information purposes only and does not constitute a prospectus or any offer to sell or the solicitation of an offer to buy any security in the United States of America or in any other jurisdiction. In particular, this announcement is not for distribution in or into the United States, Australia, the Republic of South Africa or Japan or to any national resident or citizen of the United States, Australia, the Republic of South Africa or Japan. The distribution of this announcement in other jurisdictions including (without limitation) the United States, Australia, the Republic of South Africa or Japan (or to any resident thereof) may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This announcement is only directed at, and being distributed to: (A) in the United Kingdom, "qualified investors" (within the meaning of Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018) who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"); or (ii) are high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) are such other persons to whom it may otherwise be lawful to communicate it to ("UK Relevant Persons"); (B) in any member state of the European Economic Area, "qualified investors" (within the meaning of Article 2 of Regulation (EU) 2017/1129) ("EU Qualified Investors"); (each of (A) and (B) a "Relevant Person"). Any investment or investment activity to which this announcement relates is only available to Relevant Persons and will be engaged in only with such persons.

Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all or part of the amount invested. Persons needing advice should consult with an independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended ("**FSMA**"), who specialises in advising on the acquisition of shares and other securities, if that person is in the United Kingdom, or any appropriately authorised person under applicable laws, if that person is located in any other jurisdiction.

THE FUNDRAISING SHARES HAVE NOT BEEN AND WILL NOT BE QUALIFIED FOR DISTRIBUTION OR DISTRIBUTION TO THE PUBLIC UNDER APPLICABLE CANADIAN SECURITIES LAWS AND, ACCORDINGLY, ANY SALE OF THE FUNDRAISING SHARES WILL BE MADE ON A BASIS WHICH IS EXEMPT FROM THE PROSPECTUS REQUIREMENTS OF SUCH SECURITIES LAWS ONLY TO "ACCREDITED INVESTORS" WITHIN THE MEANING ASCRIBED TO THAT TERM IN NATIONAL INSTRUMENT 45-106 - PROSPECTUS EXEMPTIONS, OF THE CANADIAN SECURITIES ADMINISTRATORS ("**NI 45-106**"). THE FUNDRAISING SHARES ARE NOT BEING OFFERED TO AND MAY NOT BE PURCHASED BY, OR FOR THE BENEFIT OF, PERSONS RESIDENT IN CANADA EXCEPT FOR "ACCREDITED INVESTORS". THE INFORMATION INCLUDED IN THIS ANNOUNCEMENT IS NOT INTENDED TO, AND DOES NOT, COMPLY WITH ALL OF THE DISCLOSURE REQUIREMENTS THAT WOULD APPLY UNDER APPLICABLE CANADIAN SECURITIES LAW IF THIS FUNDRAISING WAS BEING QUALIFIED PURSUANT TO A PROSPECTUS FILED WITH THE RELEVANT CANADIAN SECURITIES REGULATORY AUTHORITIES AND THE NEW FUNDRAISING ISSUED

PURSUANT TO THE AVAILABLE EXEMPTIONS UNDER NI 45-106 WILL BE SUBJECT TO A STATUTORY HOLD PERIOD IN CANADA FOR A PERIOD OF FOUR MONTHS AND ONE DAY FOLLOWING THE CLOSING OF THE FUNDRAISING. NO SECURITIES COMMISSION OR SIMILAR SECURITIES REGULATORY AUTHORITY IN CANADA HAS REVIEWED OR IN ANY WAY PASSED UPON THIS ANNOUNCEMENT OR THE CONTENTS HEREOF, OR THE MERITS OF THE NEW FUNDRAISING AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENSE UNDER APPLICABLE CANADIAN SECURITIES LAWS.

The distribution of this announcement and the proposed Fundraising Shares as referred to in this announcement in certain jurisdictions may be restricted by law. No action has been taken by the Company or Arden Partners plc ("**Arden**") that would permit an offering of such shares or possession or distribution of this announcement or any other offering or publicity material relating to such shares in any jurisdiction where action for that purpose is required, other than the United Kingdom. Persons into whose possession this announcement comes are required by the Company or Arden to inform themselves about, and to observe, such restrictions.

This announcement has been issued by and is the sole responsibility of the Company. The information contained in this announcement is for background purposes only and does not purport to be full or complete. The information in this announcement may be subject to change without notice. No undertaking, representation or warranty or other assurance express or implied, is or will be made as to, or in relation to, and, aside from the responsibilities and liabilities, if any, which may be imposed by FSMA or the regulatory regime established thereunder or any other applicable regulatory regime, no responsibility or liability is or will be accepted by the Company or Arden or any of their respective parent or subsidiary undertakings or the subsidiary undertakings of any such parent undertakings or any of their respective directors, proposed directors, officers, partners or employees or any other person as to or in relation to, the accuracy, completeness, sufficiency or fairness of the information or opinions contained in announcement or any other written or oral information made available to or publicly available to any interested party or its advisers in connection with the Fundraising, and any responsibility or liability therefore is expressly disclaimed. In addition, no duty of care or otherwise is owed by any such person to recipients of this document or any other person in relation to this announcement.

The new common shares to be issued or sold pursuant to the Fundraising will not be admitted to trading on any stock exchange other than the AIM Market of the London Stock Exchange and the TSX-V.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this announcement.

Any forwarding, distribution, reproduction, or disclosure of any information contained in this announcement in whole or in part is unauthorised. Failure to comply with these restrictions may constitute a violation of the United States Securities Act of 1933 (as amended) (the "**US Securities Act**") or the applicable laws of other jurisdictions. Subject to certain exceptions, the securities referred to in this announcement may not be offered or sold in the United States, Australia, Canada, Japan, South Africa or certain other jurisdictions or for the account or benefit of any national resident or citizen of certain jurisdictions. The securities referred to in this announcement have not and will not be registered under the US Securities Act, and may not be offered or sold in the United States absent registration or an exemption from, or a transaction not subject to, registration under the US Securities Act. There will be no public offering of the securities in the United States. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions.

Arden, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for the Company and no-one else in connection with Admission and the Fundraising. It will not regard any other person as its client in relation to Admission and the Fundraising and will not be responsible to anyone other than the Company for providing the regulatory protections afforded to its clients, nor for providing advice in relation to the contents of

this announcement or any transaction, arrangement or other matter referred to herein. Arden has not authorised the contents of any part of this document. The responsibilities of Arden as the Company's nominated adviser under the AIM Rules for Companies and the AIM Rules for Nominated Advisers will be owed solely to the London Stock Exchange and not to the Company, any of its directors, nor any other person in respect of a decision to subscribe for or acquire Fundraising Shares in reliance on the Admission Document relating to the Company.

### **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 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.

**Neither the TSX-V nor its Regulation Services Provider (as that term is defined in the policies of the TSX-V) accepts responsibility for the adequacy or accuracy of this release.**