

25 October 2021

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Arrow Exploration Corp.

("Arrow" or the "Company")

FIRST DAY OF DEALINGS ON AIM AND CLOSING OF PREVIOUSLY ANNOUNCED FINANCING

Arrow Exploration Corp. (AIM: AXL ; TSXV: AXL), the high-growth operator with a portfolio of assets across key Colombian hydrocarbon basins, is pleased to announce the admission of its entire issued and to be issued share capital to trading on the AIM market of the London Stock Exchange plc ("Admission"), in conjunction with a fundraising of approximately £8.8 million (C\$15.0 million).

Admission will take place, and dealings in its common shares of nil par value ("Common Shares") on AIM will commence, at 08:00 a.m. today under the TIDM "AXL" and ISIN code CA04274P1053.

Company Highlights:

Near-term, value transformative drilling and tie-in activity

- *The drilling of the RCE-2 well planned at the Rio Cravo Este discovery, where the Company has existing light oil production from the RCE-1 well – spudding of the RCE-2 well anticipated within 90 days*
- *Subsequently, the Carrizales Norte-1 well expected to be drilled at the Carrizales Norte prospect, which is on-trend with the Carrizales Field owned by Frontera Energy Corporation*
- *Production from the 3-26 West Pepper natural gas well, located in Alberta, Canada expected to come on-stream by year-end 2021 following near-term tie-in*

Fully funded

- *Recently completed fundraise to raise gross proceeds of £8.8 million (C\$15.0 million)*
- *Strong balance sheet with cash of £11.2 million (C\$19.0 million) immediately following the fundraise*
- *Further supported by approximately 590 boepd of cash-flow generative production, anticipated to increase to over 3,000 boepd through organic growth activity over the next 18 months*

Unique asset portfolio

- *50% interest in the Tapir block in the prolific Llanos Basin, with existing light-oil oil production achieving field netbacks of approximately US\$44/bbl in September 2021*
- *100% interest in Santa Isabel block in the Middle Magdalena Basin, brought back on production by Arrow in June 2021*
- *Varying interests in four other onshore blocks held in Colombia*
- *100% interest in a liquids-rich natural gas asset in Canada's prolific Montney play fairway*

Premier growth jurisdiction

- *Stable, fiscally responsible government, supportive of hydrocarbon development*
- *Brent-linked light oil pricing*
- *Excellent fiscal terms with a highly competitive royalty rate regime in the bottom-quartile globally*
- *Exceptional in-country infrastructure, supporting development of new opportunities*

Marshall Abbott, CEO of Arrow, said:

“We are thrilled to have completed our London dual listing having received such strong support and interest in our story from new and existing shareholders.

“Our offering to London audiences is unique. We have multiple, near-term value catalysts in a jurisdiction which is extremely supportive, under-explored and has existing infrastructure already in place. Our portfolio contains both development wells, providing low-risk immediately cash-generative growth opportunities, but also higher risk exploration opportunities, which we look forward to drilling shortly.

“With the next well at Rio Cravo Este expected to spud in the near-term, this is an exciting time for Arrow and its shareholders.”

Highlights of the Fundraising

- *Placing and subscription of 140,949,545 new Common Shares (the “Fundraising Shares”) with new and existing investors, and executive management at an Issue Price of 6.25p (C\$0.106125) (the “Fundraising Price”) per new Common Share (the “Fundraising”)*
- *Executive management investing approximately £0.83 million (C\$1.41 million) in the Fundraising*
- *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 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*

As certain officers and directors of the Company participated in the Fundraising, the Fundraising (insofar as it involves such persons) constitutes a related party transaction of Arrow under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Investments (MI 61-101). The Company is relying on the exemption from the formal valuation requirement in Section 5.5(b) of MI 61-101 as the Company is not listed on a specified market and the exemption from the minority approval requirement in Section 5.7(1)(b) of MI 61-101, as the amount subscribed for by officers and directors does not exceed \$2,500,000. The Company anticipates it will file a material change report less than 21 days before the closing of the Fundraising. This shorter period is reasonable and necessary

in the circumstances as the Company wants to complete the Fundraising as expeditiously as possible given the immediacy of the Company's expected use of proceeds.

In connection with the Fundraising, Canacol Energy Ltd. ("Canacol") purchased 36,715,205 Fundraising Shares (representing 17.5% of the issued and outstanding Common Shares) and 18,357,602 Warrants.

Prior to the acquisition of the 36,715,205 Fundraising Shares and 18,357,602 Warrants, Canacol held 5,000,000 Common Shares.

Canacol now controls 41,715,205 Common Shares, or approximately 19.9% of the total issued and outstanding Common Shares, and 18,357,602 Warrants. Assuming the exercise of the Warrants, the Acquiror would own or control 60,072,807 or approximately 26.6% of the total issued and outstanding Common Shares on a partially diluted basis for Canacol only.

Canacol acquired the securities for investment purposes. Presently, Canacol has no intention of acquiring any further securities of Arrow. Canacol may acquire ownership of or control over further securities of Arrow in the future depending upon market circumstances. Increase or decrease in ownership of securities of Arrow will depend on numerous conditions, including the price of the Common Shares and general market conditions.

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.

The Company's Common Shares will continue to trade on the TSX Venture Exchange (TSX-V). For the purposes of the Disclosure Guidance and Transparency Rules, the total number of voting rights in the Company will be 209,624,147. This figure may be used by shareholders as the denominator for the calculations by which they determine if they are required to notify their interest in, or a change of their interest in, the Company under the FCA's Disclosure Guidance and Transparency Rules.

Please refer to the Company's Admission Document dated 20 October 2021, which is available on the Company's website: <https://arrowexploration.ca/> for further information on the Company.

Arden is acting as nominated adviser, broker and bookrunner to the Company in connection with the Fundraising and Admission.

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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.