

27 January 2022

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**Arrow Exploration Corp.**

("Arrow" or the "Company")

**OPERATIONS UPDATE**

Arrow Exploration Corp. (AIM: AXL ; TSXV: AXL) is pleased to share an operational update, as well as near-term plans for its Colombian and Canadian assets.

**Highlights**

- Production as of January 21<sup>st</sup>, 2022 was approximately 1,320 boe/d (net to Arrow), benefiting from rising Brent Crude oil prices and strong natural gas prices in Canada
  - 453 bbl/s oil production from Colombian portfolio
  - 868 boe/d gas production from Canadian portfolio
- Organic growth opportunities advancing, with the RCE-2 well on the Tapir Block, Colombia expected to commence drilling in early March and the Company considering tie-in opportunities in Canada, given the success of the West Pepper well
- Acquisition market remains robust, with the Company continuing to evaluate numerous opportunities

**Colombia**

**Oil Production**

The Company's Colombia oil production continues to benefit from rising Brent Crude oil prices. As of January 21<sup>st</sup>, 2022 the Company's production in Colombia included 137 bbl/s (net to Arrow) from the RCE-1 well (Tapir Block), 125 bbls/d from the Oso Pardo Field (Santa Isabel Block), and 191 bbls/d (net to Arrow) from the Capella Field (Ombu Block), for a total of approximately 453 bbls/d (net to Arrow).

Based on prevailing Brent Crude oil prices, Arrow expects its Colombian oil assets to generate approximately US\$450,000 in cash flow in January 2022, prior to G&A expenses.

**Upcoming Drilling**

The Company continues to advance towards drilling the RCE-2 well on the Tapir Block. The partners on the Tapir Block (Arrow 50% : PetrolCo 50%) are undertaking the community socialization process, the procurement of supplies and services, as well as tenders for a drilling rig. Site preparations are expected to commence in the coming weeks.

Arrow expects the RCE-2 well to spud during the second week of March 2022.

While preparations for drilling the subsequent RCE-3 well are at an earlier stage, Arrow expects the RCE-3 to spud during April 2022.

The Company expects to provide a further update once more exact dates for the spudding of the RCE-2 and RCE-3 wells are confirmed.

## **Canada**

As announced on December 13<sup>th</sup>, 2021 the Dalehurst 06-26-52-23W5 well (“West Pepper”) located near Edson, Alberta, Canada was brought on stream.

West Pepper has continued to perform according to the Company’s expectations, and following natural declines from the initial flush production levels, as of January 21<sup>st</sup>, 2022 the well was producing approximately 775 boe/d.

The Company is benefiting from currently robust natural gas prices in Western Canada. The February 2022 natural gas futures contracts price at the AECO hub (the benchmark for natural gas prices in Canada) was C\$4.30/GJ as of January 24<sup>th</sup>, 2022, being approximately 11% higher than the nearest-month futures contract price of C\$3.87/GJ as of the first day of production from West Pepper.

Based on prevailing AECO natural gas prices Arrow expects West Pepper to generate approximately US\$298,000 in cash flow in January 2022, prior to G&A expenses, in addition to approximately US\$28,000 in cash flow expected from the Company’s share of production at the Fir natural gas asset (approximately 93 boe/d).

As a result of the prevailing robust natural gas prices in Western Canada, the Company is also evaluating the option of tie-ing in the 14-21-52-22W5 Dalehurst well (“East Pepper Well”). The Company is in discussions with potential off-takers, and expects to provide an update on the East Pepper Well in the coming months.

## **Acquisition Opportunities**

Arrow’s management continues to evaluate numerous acquisition opportunities in Colombia and other low-risk jurisdictions. The Company has formed a dedicated internal team which is working in collaboration with its external advisors to identify and pursue accretive acquisition opportunities that would create additional value for shareholders, above-and-beyond Arrow’s existing asset base.

## **2021 Year-End Reserves**

The Company has retained the services of Boury Global Energy Consultants for the preparation of the Company’s 2021 year-end reserves report. The report is in progress, and the Company expects to announce the results by the end of February 2022.

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

*“Our production portfolio continues to go from strength to strength, driving significant cash flow generation and placing us very well for a strong 2022 as we evaluate further growth opportunities. We have a number of developments in the pipeline and look forward to providing shareholders with further updates in due course.”*

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**About Arrow Exploration Corp.**

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 AIM market of the London Stock Exchange and on TSX Venture Exchange under the symbol "AXL".

**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.

#### **Glossary**

Bbls/d	barrels of oil per day
boe/d	barrels of oil equivalent per day
GJ	gigajoule
AECO hub	the AECO hub gas storage facility in southern Alberta

#### **Qualified Person's Statement:**

The technical information contained in this announcement has been reviewed and approved by Grant Carnie, senior non-executive director of Arrow Exploration Corp. Mr. Carnie is a member of the Canadian Society of Petroleum Engineers, holds a B.Sc. in Geology from the University of Alberta and has over 35 years' experience in the oil and gas industry.