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## **ARROW ANNOUNCES RCE-2 WELL ON STREAM, RCS-1 SPUD AND FIRST QUARTER RESULTS**

### **Next well in exploitation plan spud as production increases**

CALGARY, May 30, 2022 – Arrow Exploration Corp. (AIM: AXL; TSXV: AXL) (“**Arrow**” or the “**Company**”) announces that the Rio Cravo Este-2 (“**RCE-2**”) well was brought on production on May 23, 2022. The Company has also successfully spud the next well, RCS-1 (Rio Cravo Sur-1) on May 23<sup>rd</sup> in the Tapir Block of its Rio Cravo Este 2 area, located in the Llanos Basin of Colombia. In addition, Arrow announces the filing of its unaudited interim Financial Statements and Management’s Discussion and Analysis (“**MD&A**”) for the quarter ended March 31, 2022, which are available on SEDAR ([www.sedar.com](http://www.sedar.com)). All dollar figures are in U.S. dollars, except as otherwise noted.

### **OPERATIONS UPDATE**

The second well on the Tapir Block, the RCE-2, well was brought on stream slowly on May 23<sup>rd</sup>. The well initially produced clean oil at high rates but has developed a water cut. The well is currently being managed at reduced rates of 1000 BOPD (500 net). This exceeds forecast pre-drill rates of 360 BOPD net and the water cut has stabilized at less than 20%. Consistent with good production practice, oil flow rates will be adjusted in a timely manner. The Company will produce oil rates around the current level over the intermediate term. The well is expected to payout in less than six months.

The RCS-1 well, was successfully spud on May 23<sup>rd</sup> and is currently drilling ahead at 1500 feet. RCS-1 is expected to reach Total Depth of 8700 feet on or about June 7<sup>th</sup>. The well is targeting 6 separate hydrocarbon bearing reservoirs. The Company expects the RCS-1 well to come in 20 feet higher at the Carbonera Formation C-7 level, the primary objective, than was experienced in the RCE-2 well. Drilling and casing of the well will be followed by completion and testing. Total testing time is dependent on the number of zones encountered but is expected to take approximately five days per zone.

The Company is proceeding with a full field development plan to be submitted to Colombian Regulators for approval. The development plan includes additional wells targeting the Carbonera C-7, the Middle Gacheta and the Lower Gacheta, all of which tested commercial rates in the RCE-2 Well. Existing 3-D seismic has been successfully reprocessed and interpreted and is supportive of an expeditious development program. The Company anticipates full field development will be internally funded by cash flow.

Marshall Abbott, CEO of Arrow, commented: “We are encouraged with the results of the RCE-2 well, which add materially to our production, reserves and cashflow. Building on this momentum, we have successfully spud the RCS-1 well, and look forward to providing the results of the zone testing once drilling is complete. We expect that this new well will further increase our production rates, producing additional positive cashflow and reserves for Arrow during an ongoing high commodity price environment.”

Continued strong production rates from existing tied-in wells combined with additional and expected production from the RCE-2 well and RCS-1 wells support the Company’s objective of achieving a production rate of 3,000 boe/d within 18 months of its AIM listing (October 2021).

## 2022 FIRST QUARTER INTERIM RESULTS

### FINANCIAL AND OPERATING HIGHLIGHTS

(in United States dollars, except as otherwise noted)	Three months ended March 31, 2022	Three months ended March 31, 2021
<b>Financial Highlights:</b>		
Total natural gas and crude oil revenues, net of royalties	<b>3,402,962</b>	847,432
Funds flow from (used in) operations <sup>(1)</sup>	<b>312,951</b>	(371,107)
Funds flow from (used in) operations per share <sup>(1)</sup>		
Basic	<b>0.00</b>	(0.01)
Diluted	<b>0.00</b>	(0.01)
Net income (loss)	<b>(5,431,865)</b>	(510,405)
Net income (loss) per share		
Basic	<b>(0.03)</b>	(0.01)
Diluted	<b>(0.02)</b>	(0.01)
Adjusted EBITDA <sup>(1)</sup>	<b>562,284</b>	(172,417)
Weighted average shares outstanding		
Basic	<b>213,577,686</b>	68,674,602

Diluted	250,941,120	68,674,602
Common shares end of period	213,814,643	68,674,602
Capital expenditures	725,665	97,330
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Cash and cash equivalents	8,967,197	6,427,994
Current assets	11,538,944	10,145,687
Current liabilities	3,881,006	12,805,377
Working capital (deficit) <sup>(1)</sup>	7,657,938	(2,659,690)
Long-term portion of restricted cash <sup>(2)</sup>	742,733	490,760
Total assets	39,914,240	27,684,920
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<b>Operational Highlights:</b>		
Natural gas and crude oil production, before royalties		
Natural gas (Mcf/d)	4,221	383
Natural gas liquids (bbl/d)	6	4
Crude oil (bbl/d)	434	174
<b>Total (boe/d)</b>	<b>1,144</b>	<b>242</b>
<b>Operating netbacks (\$/boe) <sup>(1)</sup></b>		
Natural gas (\$/Mcf)	\$0.73	\$1.02
Crude oil (\$/bbl)	\$48.94	\$35.33
<b>Total (\$/boe)</b>	<b>\$20.16</b>	<b>\$27.77</b>

<sup>(1)</sup>Non-IFRS measures – see “Non-IFRS Measures” section within the first quarter 2022 MD&A

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

## DISCUSSION OF OPERATING RESULTS

The Company's first quarter 2022 average corporate production increased by 61% to 1,144 boe/d, compared to the fourth quarter 2021 average production of 712 boe/d. This increase was largely attributable to the Canadian operation's tie-in of the West Pepper well in Alberta, Canada, which was brought on production in December 2021. Arrow's production on a quarterly basis is summarized below.

Average Production (boe/d)	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Oso Pardo	121	123	137	20	-
Ombu (Capella)	177	190	193	97	-
Rio Cravo Este (Tapir)	136	142	151	147	174
<b>Total Colombia</b>	<b>434</b>	<b>455</b>	481	264	174
Fir, Alberta	73	82	94	67	68
Pepper, Alberta	636	181	-	-	-
<b>TOTAL</b>	<b>1,144</b>	<b>719</b>	575	331	242

For the three months ended March 31, 2022, the Company's average production mix consisted of crude oil and natural gas production in Colombia of 434 bbl/d (2021: 174 bbl/d) and 4,221 Mcf/d (2021: 383 Mcf/d), along with minor amounts of natural gas liquids from the Arrow's Canadian properties.

Subsequent to quarter end, the Company successfully drilled the RCE-2 well, which was spud on April 2, 2022 and targeted a large, three-way fault bounded structure with multiple high-quality reservoir objectives on the Tapir Block in the Llanos Basin of Colombia. The well was drilled to a total measured depth of 9,600 feet and encountered six hydrocarbon bearing intervals totaling 90 net feet of oil pay.

## DISCUSSION OF FINANCIAL RESULTS

During Q1 2022 the Company continued to realize good oil and gas prices, as summarized below.

Average Benchmark and Realized Prices	Three months ended March 31		
	2022	2021	Change
<b>Benchmark Prices</b>			
AECO (\$/Mcf)	\$3.68	\$2.30	60%
Brent (\$/bbl)	\$97.90	\$61.32	60%

West Texas Intermediate (\$/bbl)	<b>\$94.94</b>	\$58.13	63%
<b>Realized Prices</b>			
Natural gas, net of transportation (\$/Mcf)	<b>\$3.65</b>	\$3.02	21%
Natural gas liquids (\$/bbl)	<b>\$76.89</b>	\$49.62	55%
Crude oil, net of transportation (\$/bbl)	<b>\$73.87</b>	\$55.25	34%
<b>Corporate average, net of transport (\$/boe)</b>	<b>\$40.13</b>	\$45.36	-12%

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

The Company also continued to realize good operating netbacks, as summarized below.

#### Operating Netbacks

	Three months ended	
	March 31	
	2022	2021
<b>Natural Gas (\$/Mcf)</b>		
Revenue, net of transportation expense	<b>\$3.65</b>	\$3.02
Royalties	<b>(0.79)</b>	(0.32)
Operating expenses	<b>(2.13)</b>	(1.68)
<b>Natural gas operating netback<sup>(1)</sup></b>	<b>\$0.73</b>	\$1.02
<b>Crude oil (\$/bbl)</b>		
Revenue, net of transportation expense	<b>\$73.87</b>	\$55.25
Royalties	<b>(6.24)</b>	(8.19)
Operating expenses	<b>(18.69)</b>	(11.73)
<b>Crude oil operating netback<sup>(1)</sup></b>	<b>\$48.94</b>	\$35.33
<b>Corporate (\$/boe)</b>		

Revenue, net of transportation expense	<b>\$40.13</b>	\$45.36
Royalties	<b>(5.22)</b>	(6.49)
Operating expenses	<b>(14.76)</b>	(11.11)
<b>Corporate operating netback<sup>(1)</sup></b>	<b>\$20.16</b>	\$27.77

<sup>(1)</sup>Non-IFRS measure

Arrow experienced lower operating netbacks quarter-over-quarter, decreasing to \$20.16/boe in the first quarter of 2022 from \$27.35/boe in the fourth quarter of 2021. This decrease is due to higher natural gas production but lower netbacks from natural gas, which resulted in lower revenues per boe of production sold.

The Company incurred in some capital expenditures during the first quarter of 2022 in connection with the drilling of the RCE-2 well. At the end of the quarter, Arrow had a positive working capital position of \$7.6 million and a cash position of \$8.9 million, which are expected to fund the Company's expenditure plan for the foreseeable future.

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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 underexploited, 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**

Bbl/d: Barrels per day

\$/Bbl: Dollars per barrel

Mcf/d: Thousand cubic feet of gas per day

\$/Mcf: Dollars per thousand cubic feet of gas

Boe/d: Barrels of oil equivalent per day

\$/Boe: Dollars per barrel of oil equivalent

### **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.

This announcement contains inside information for the purposes of the UK version of the market abuse regulation (EU No. 596/2014) as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018.