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## **ARROW ANNOUNCES SECOND QUARTER RESULTS**

CALGARY, August 29, 2022 – Arrow Exploration Corp. (AIM: AXL; TSXV: AXL) (“**Arrow**” or the “**Company**”) announces the filing of its unaudited interim Financial Statements and Management’s Discussion and Analysis (“**MD&A**”) for the quarter ended June 30, 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.

The first six months of 2022 saw the Company deploy the capital it raised at the time of its Admission to AIM on a successful two well drilling campaign at Rio Cravo on the Tapir Block. The better than forecasted results from this drilling campaign and the subsequent generation of positive cashflows in Q3 means Arrow is pleased to be committing to a further drilling program. Commencing in Q4 2022, the Company expects to drill up to three further wells at Rio Cravo and plans a two well program on the Carrizales Norte Structure on the Tapir Block. A letter of intent has been signed with a drilling contractor to execute the planned five well program on the Tapir Block. Along with workovers to other existing wells, the Company will seek to tie in the East Pepper well in Q4 2022, confirming Arrow remains on target to increase production to 3,000 boe/d within 18 months of AIM Admission. The Company anticipates being able to support the planned 2023 CAPEX program with current cash and cashflow from operations. Arrow continues to focus on growth and improving its balance sheet and free cash flow.

## **2022 SECOND QUARTER INTERIM RESULTS**

### **FINANCIAL AND OPERATING HIGHLIGHTS**

<b>(In United States dollars, except as otherwise noted)</b>	<b>Three months ended June 30, 2022</b>	<b>Six months ended June 30, 2022</b>	<b>Three months ended June 30, 2021</b>
Total natural gas and crude oil revenues, net of royalties	<b>5,024,604</b>	<b>8,427,566</b>	941,620
Funds flow from (used in) operations <sup>(1)</sup>	<b>2,613,843</b>	<b>2,926,795</b>	(247,010)
Funds flow from (used in) operations <sup>(1)</sup> per share –			
Basic (\$)	<b>0.01</b>	<b>0.01</b>	(0.00)
Diluted (\$)	<b>0.00</b>	<b>0.00</b>	(0.00)
Net income (loss)	<b>768,318</b>	<b>(4,663,547)</b>	(734,317)
Net income (loss) per share –			
Basic (\$)	<b>0.00</b>	<b>(0.02)</b>	(0.01)

Diluted (\$)	0.00	(0.02)	(0.01)
Adjusted EBITDA <sup>(1)</sup>	2,809,713	3,371,998	(529,784)
Weighted average shares outstanding –			
Basic (\$)	214,367,388	213,979,850	68,674,602
Diluted (\$)	288,231,900	270,189,255	68,674,602
Common shares end of period	214,667,143	214,667,143	68,674,602
Capital expenditures	2,777,611	3,503,276	(15,378)
Cash and cash equivalents	7,368,252	7,368,252	4,559,231
Current Assets	12,190,063	12,190,063	8,773,936
Current liabilities	6,596,035	6,596,035	5,632,719
Working capital <sup>(1)</sup>	5,594,028	5,594,028	3,141,217
Long-term portion of restricted cash <sup>(2)</sup>	867,047	867,047	503,257
Total assets	42,670,153	42,670,153	25,948,551
<b>Operating</b>			
<b>Natural gas and crude oil production, before royalties</b>			
Natural gas (Mcf/d)	2,398	3,329	373
Natural gas liquids (bbl/d)	5	6	4
Crude oil (bbl/d)	575	505	264
<b>Total (boe/d)</b>	<b>980</b>	<b>1,066</b>	<b>331</b>
<b>Operating netbacks (\$/boe) <sup>(1)</sup></b>			
Natural gas (\$/Mcf)	\$2.18	\$1.26	\$0.74
Crude oil (\$/bbl)	\$80.04	\$66.37	\$27.31
<b>Total (\$/boe)</b>	<b>\$49.18</b>	<b>\$33.27</b>	<b>\$22.37</b>

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

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

## DISCUSSION OF OPERATING RESULTS

The Company’s second quarter 2022 average corporate production decreased by 29% to 899 boe/d, compared to the first quarter 2022 average production of 1,144 boe/d. This decrease was largely attributable to the West Pepper well in Alberta, Canada, which was brought on production in December 2021 and has been recently affected by a third party’s temporary processing facility constraints. Arrow’s production on a quarterly basis is summarized below.

Average Production Boe/d	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Oso Pardo	112	121	123	137	20
Ombu (Capella)	97	177	190	193	97
Rio Cravo Este (Tapir)	366	136	142	151	147
<b>Total Colombia</b>	<b>575</b>	<b>434</b>	<b>455</b>	<b>481</b>	<b>264</b>

Fir, Alberta	86	73	82	94	67
Pepper, Alberta	319	636	181	-	-
<b>TOTAL (Boe/d)</b>	<b>980</b>	1,144	719	575	331

For the three months ended June 30, 2022, the Company's average production mix consisted of crude oil and natural gas production in Colombia of 575 bbl/d (2021: 264 bbl/d) and 2,398 Mcf/d (2021: 373 Mcf/d), along with minor amounts of natural gas liquids from Arrow's Canadian properties.

During the quarter, the Company successfully drilled the RCE-2 and RCS-1 wells, which were put into production and have contributed to the increase in Colombia's crude oil production.

## DISCUSSION OF FINANCIAL RESULTS

During Q2 2022 the Company continued to realize good oil and gas prices, as summarized below.

	Three months ended June 30		
	2022	2021	Change
<b>Benchmark Prices</b>			
AECO (\$/Mcf)	\$5.42	\$2.48	119%
Brent (\$/bbl)	\$111.98	\$69.08	62%
West Texas Intermediate (\$/bbl)	\$108.40	\$66.19	64%
<b>Realized Prices</b>			
Natural gas, net of transportation (\$/Mcf)	\$5.45	\$3.05	78%
Natural gas liquids (\$/bbl)	\$92.56	\$48.26	92%
Crude oil, net of transportation (\$/bbl)	\$104.66	\$63.19	66%
<b>Corporate average, net of transport (\$/boe)<sup>(1)</sup></b>	<b>\$71.35</b>	\$52.78	35%

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

## OPERATING NETBACKS

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

	Three months ended June 30	
	2022	2021
<b>Natural Gas (\$/Mcf)</b>		
Revenue, net of transportation expense	\$5.45	\$3.05
Royalties	(0.62)	(0.22)
Operating expenses	(2.65)	(2.09)
<b>Natural Gas operating netback<sup>(1)</sup></b>	<b>\$2.18</b>	\$0.74
<b>Crude oil (\$/bbl)</b>		
Revenue, net of transportation expense	\$104.66	\$63.19
Royalties	(13.31)	(7.28)
Operating expenses	(11.31)	(28.60)

<b>Crude Oil operating netback</b> <sup>(1)</sup>	<b>\$80.04</b>	\$27.31
<b>Corporate (\$/boe)</b>		
Revenue, net of transportation expense	<b>\$71.35</b>	\$52.78
Royalties	<b>(8.80)</b>	(5.83)
Operating expenses	<b>(13.38)</b>	(24.58)
<b>Corporate Operating netback</b> <sup>(1)</sup>	<b>\$49.18</b>	\$22.37

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

Arrow realized better operating netbacks quarter-over-quarter, increasing to \$49.18/boe in the second quarter of 2022 from \$20.16/boe in the first quarter of 2022. This increase is due to higher crude oil production and better netbacks from natural gas.

During Q2 2022, the Company incurred capital expenditures in connection with the drilling of the RCE-2 and RCS-1 wells. At the end of the quarter, Arrow had a positive working capital position of \$5.6 million and a cash position of \$7.4 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

### **Non-IFRS Measures**

The Company uses non-IFRS measures to evaluate its performance which are measures not defined in IFRS. Working capital, funds flow from operations, realized prices, operating netback, adjusted EBITDA, and net debt as presented do not have any standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other entities. The Company considers these measures as key measures to demonstrate its ability to generate the cash flow necessary to fund future growth through capital investment, and to repay its debt, as the case may be. These measures should not be considered as an alternative to, or more meaningful than net income (loss) or cash provided by operating activities or net loss and comprehensive loss as determined in accordance with IFRS as an indicator of the Company's performance. The Company's determination of these measures may not be comparable to that reported by other companies.