ARROW EXPLORATION CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") as provided by the management of Arrow Exploration Corp. ("Arrow" or the "Company"), is dated as of November 27, 2019 and should be read in conjunction with Arrow's unaudited condensed consolidated financial statements and related notes for the three and nine months ended September 30, 2019. Additional information relating to Arrow is available under Arrow's profile on www.sedar.com, including Arrow's Audited Consolidated Financial Statements (the "Annual Financial Statements") and Annual Information Form for the year ended December 31, 2018 ("2018 AIF").

Advisories

Basis of Presentation

The condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and all amounts herein are expressed in United States dollars, unless otherwise noted, and all tabular amounts are expressed in United States dollars, unless otherwise noted. Additional information for the Company, including the 2018 AIF, may be found on SEDAR at www.sedar.com.

Forward-Looking Statements

This MD&A 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 "believe", "continue", "could", "expect","likely", "may", "outlook", "plan", "potential", "will", "would" and similar expressions. In particular, but without limiting the foregoing, this MD&A contains forward-looking statements pertaining to the following: tax liability; capital management strategy; capital structure; credit facilities and other debt; performance by Canacol (as defined herein) and the Company in connection with the Note (as defined herein) and letters of credit; Arrow's interest in the OBC Pipeline (as defined herein) and the consequences thereof; cost reduction initiatives;; potential drilling on the Tapir block; capital requirements; expenditures associated with asset retirement obligations; future drilling activity and the development of the Rio Cravo Este structure on the Tapir Block. Statements relating to "reserves" and "resources" are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated and can be profitably produced in the future.

The forward-looking statements contained in this MD&A reflect several material factors and expectations and assumptions of Arrow including, without limitation: current and anticipated commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; future exchange rates; commodity prices; the impact of increasing competition; general economic conditions; availability of drilling and related equipment; receipt of partner, regulatory and community approvals; royalty rates; future operating costs; effects of regulation by governmental agencies; uninterrupted access to areas of Arrow's operations and infrastructure; recoverability of reserves; future production rates; timing of drilling and completion of wells; pipeline capacity; that Arrow will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that Arrow's conduct and results of operations will be consistent with its expectations; that Arrow will have the ability to develop its oil and gas properties in the manner currently contemplated; current or, where applicable, proposed industry conditions, laws and regulations will continue in effect or as anticipated; that the estimates of Arrow's reserves and production volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects; that

Arrow will be able to obtain contract extensions or fulfil the contractual obligations required to retain its rights to explore, develop and exploit any of its undeveloped properties; and other matters.

Arrow believes the material factors, 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 MD&A 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 including, without limitation: the impact of general economic conditions; volatility in commodity prices; industry conditions including changes in laws and regulations including adoption of new environmental laws and regulations, and changes in how they are interpreted and enforced; competition; lack of availability of qualified personnel; the results of exploration and development drilling and related activities; obtaining required approvals of regulatory authorities; risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities; commodity price volatility; fluctuations in foreign exchange or interest rates; environmental risks; changes in income tax laws or changes in tax laws and incentive programs; changes to pipeline capacity; ability to secure a credit facility; ability to access sufficient capital from internal and external sources; risk that Arrow's evaluation of its existing portfolio of development and exploration opportunities is not consistent with future results; that production may not necessarily be indicative of long term performance or of ultimate recovery; and certain other risks detailed from time to time in Arrow's public disclosure documents including, without limitation, those risks identified in Arrow's 2018 AIF, a copy of which is available on Arrow's SEDAR profile at www.sedar.com. Readers are cautioned that the foregoing list of factors is not exhaustive and are cautioned not to place undue reliance on these forward-looking statements.

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.

Working capital is calculated as current assets minus current liabilities; funds from operations is calculated as cash flows from (used in) operating activities adjusted to exclude settlement of decommissioning obligations and changes in non-cash working capital balances; realized price is calculated by dividing gross revenue by gross production, by product, in the applicable period; operating netback is calculated as total natural gas and crude revenues minus royalties, transportation costs and operating expenditures; adjusted EBITDA is calculated as net loss adjusted for interest, income taxes, depreciation, depletion, amortization and other similar non-recurring or non-cash charges; and net debt is defined as the principal amount of its outstanding debt, less working capital items.

The Company also presents funds from operations per share, whereby per share amounts are calculated using weighted-average shares outstanding consistent with the calculation of net loss and comprehensive loss per share.

A reconciliation of the non-IFRS measures is included as follows:

(in United States dollars)	Three months ended September 30, 2019	Nine months ended September 30, 2019	Three months ended June 30, 2019	Three months ended March 31, 2019
Net loss	**(1,325,939)**	**(4,806,859)**	(1,776,740)	(1,704,180)
Add/(subtract):				
Share based payments	**303,816**	**791,387**	165,675	321,896
Financing costs:				
Accretion on decommissioning obligations	**95,666**	**286,378**	96,140	94,572
Interest	**245,268**	**670,198**	214,997	209,933
Other	**483,642**	**1,071,807**	588,165	-
Depreciation and depletion	**2,268,748**	**6,870,961**	2,280,963	2,321,250
Risk management activities	**(201,627)**	**(502,837)**	(301,210)	-
Gain on disposition of oil and gas properties	**-**	**(1,632,174)**	(1,632,174)	-
Impairment of oil and gas properties	**-**	**2,450,000**	2,450,000	-
Income taxes, current and deferred	**123,834**	**134,598**	(133,000)	143,764
Adjusted EBITDA (1)	**1,993,407**	**5,333,458**	1,952,816	1,387,235
Cash flows provided by (used in) operating activities	**3,078,122**	**(1,987,256)**	(5,587,614)	522,236
Minus - Changes in non-cash working capital balances:				
Trade and other receivables	**(127,580)**	**2,700,406**	3,321,657	(493,671)
Taxes receivable	**3,038**	**2,095,048**	1,917,080	174,930
Deposits and prepaid expenses	**(482,642)**	**(1,740,511)**	(782,547)	(475,322)
Inventory	**(23,206)**	**(441,703)**	(274,062)	(144,435)
Accounts payable and accrued liabilities	**(947,159)**	**2,821,111**	2,371,056	1,397,214
Funds flow from operations (1)	**1,500,573**	**3,447,095**	965,570	980,952

(1) Non-IFRS measures

The term barrel of oil equivalent ("boe") is used in this MD&A. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 thousand cubic feet ("Mcf") of natural gas to one barrel of oil ("bbl") is used in the MD&A. This conversion ratio of 6:1 is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

FINANCIAL AND OPERATING HIGHLIGHTS

(in United States dollars, except as otherwise noted)	Three months ended September 30, 2019	Nine months ended September 30, 2019	Three months ended June 30, 2019	Three months ended March 31, 2019
Total natural gas and crude oil revenues, net of royalties	**6,320,471**	**19,854,839**	7,525,728	6,008,640
Funds flow from operations [(1)]	**1,500,573**	**3,447,095**	965,570	980,952
Per share – basic ($) and diluted ($)	**0.02**	**0.05**	0.01	0.02
Net loss	**(1,325,939)**	**(4,806,859)**	(1,776,740)	(1,704,180)
Per share – basic ($) and diluted ($)	**(0.02)**	**(0.07)**	(0.03)	(0.02)
Adjusted EBITDA [(1)]	**1,993,407**	**5,333,458**	1,952,816	1,387,235
Weighted average shares outstanding – basic and diluted	**68,674,602**	**68,674,602**	68,674,602	68,674,602
Common shares end of period	**68,674,602**	**68,674,602**	68,674,602	68,674,602
Capital expenditures	**2,012,557**	**9,585,602**	4,171,680	3,401,365
Cash and cash equivalents	**167,383**	**167,383**	844,983	1,434,648
Current Assets	**8,771,087**	**8,771,087**	10,725,489	10,553,677
Current liabilities	**12,002,329**	**12,002,329**	18,800,186[(2)]	18,353,525[(2)]
Working capital (deficit) [(1)]	**(3,231,242)**	**(3,231,242)**	(8,074,697)	(7,799,848)
Long-term portion of restricted cash [(3)]	**388,266**	**388,266**	368,662	3,245,624
Total assets	**73,870,261**	**73,870,261**	76,333,739	77,066,582
Operating				
Natural gas and crude oil production, before royalties				
Natural gas (Mcf/d)	**598**	**657**	**677**	**696**
Natural gas liquids (bbl/d)	**6**	**6**	**5**	**6**
Crude oil (bbl/d)	**1,693**	**1,719**	**1,741**	**1,588**
Total (boe/d)	**1,799**	**1,834**	**1,859**	**1,710**
Operating netbacks ($/boe) [(1)]				
Natural gas ($/Mcf)	**($0.72)**	**($0.61)**	**($1.19)**	**0.10**
Crude oil ($/bbl)	**$23.26**	**$23.74**	**$27.50**	**18.43**
Total ($/boe)	**$21.68**	**$22.20**	**$25.40**	**17.29**

[(1)]Non-IFRS measures – see "Non-IFRS Measures" section within this MD&A

[(2)]Includes $5 million Canacol promissory note

[(3)]Long term restricted cash not included in working capital

The Company

Arrow (formerly Front Range Resources Ltd. (“Front Range”)) is a junior oil and gas company engaged in the acquisition, exploration and development of oil and gas properties in Colombia and Western Canada. The Company’s shares trade on the TSX Venture Exchange under the symbol AXL.

The Company and Arrow Exploration Ltd. entered into an arrangement agreement dated June 1, 2018, as amended, whereby the parties completed a business combination pursuant to a plan of arrangement under the *Business Corporations Act (*Alberta*)* (“ABCA”) on September 28, 2018. Arrow Exploration Ltd. was incorporated under the ABCA on December 12, 2016 as 2010461 Alberta Ltd. and on January 24, 2018, 2010461 Alberta Ltd. changed its name to Arrow Exploration Ltd. by way of a certificate of amendment. Arrow Exploration Ltd. and Front Range’s then wholly-owned subsidiary, 2118295 Alberta Ltd., were amalgamated on September 28, 2018 pursuant to the arrangement agreement to form Arrow Holdings Ltd., a wholly-owned subsidiary of the Company (the “Arrangement”).

On May 31, 2018, Arrow Exploration Ltd. entered in a share purchase agreement, as amended, with Canacol Energy Ltd. (“Canacol”), to acquire Canacol’s Colombian oil properties held by its wholly-owned subsidiary Carrao Energy S.A. (“Carrao”). On September 27, 2018, Arrow Exploration Ltd. closed the agreement with Canacol.

On May 31, 2018, Arrow Exploration Ltd., entered into a purchase and sale agreement to acquire a 50% beneficial interest in a contract entered into with Ecopetrol S.A. pertaining to the exploration and production of hydrocarbons in the Tapir block from Samaria Exploration & Production S.A. (“Samaria”). On September 27, 2018, Arrow Exploration Ltd. closed the agreement with Samaria.

For accounting and presentation purposes, this MD&A reflects the results of operations of Arrow Exploration Ltd., the accounting acquirer, with the exception of the number of shares which were adjusted to reflect the legal capital of the Company.

The head office of Arrow is located at Suite 920, 150 – 9th Avenue SW, Calgary, Alberta, Canada, T2P 3H9 and the registered office is located at Suite 3400, 350 – 7th Avenue SW, Calgary, Alberta, Canada, T2P 3N9.

As at September 30, 2019 the Company held an interest in seven oil blocks in Colombia and oil and natural gas leases in seven areas in Canada as follows:

		Gross Acres	Working Interest	Net Acres
COLOMBIA				
LLA-23	Operated	115,102	100%	115,102
Tapir	Operated	65,125	50%	32,563
Oso Pardo	Operated	672	100%	672
Ombu	Non-operated	56,482	10%	5,648
COR-39	Operated	95,111	100%	95,111
Los Picachos	Non-operated	52,772	37.5%	19,790
Macaya	Non-operated	195,255	37.5%	73,221
Total Colombia		**580,519**		**342,107**
CANADA				
Ansell	Operated	8,960	100%	8,960
Chicken	Non-operated	3,840	30%	1,152
Fir	Non operated	7,680	32%	2,457
Harley	Operated	5,760	100%	5,760
Penhold	Non-operated	480	13%	61
Pepper	Operated	36,480	100%	36,160
Placid	Operated	2,560	100%	2,560
Wapiti	Non-operated	21,760	24%	5,280
Total Canada		**87,520**		**62,390**
TOTAL		**668,039**		**404,497**

On April 29, 2019 the Company closed the sale of its 20% interest in the VMM-2 (as defined herein) block for cash proceeds of $3.5 million and sold the right to earn the 40% interest in the Coati block for $1.5 million per a purchase and sale agreement effective May 1, 2019, subject to regulatory approval. The impact was to reduce net acreage in Colombia by 39,859 acres.

The Company's primary producing assets are located in Colombia in the LLA-23, Tapir, Oso Pardo and Ombu blocks, with minor production in Canada at Fir, Alberta.

Llanos Basin

Within the Llanos Basin, the Company is engaged in the exploration, development and production of oil within two operated blocks: LLA-23 and Tapir. The LLA-23 block contains the Labrador, Leono, Pantro, Tigro and Danes producing fields.

On June 10, 2019, the Company announced a discovery at its Rio Cravo Este-1 ("RCE-1") exploration well on the Tapir block.

In Managements opinion, both blocks are believed to offer substantial exploration opportunities outside of the established producing areas.

Middle Magdalena Valley ("MMV") Basin

Arrow's Oso Pardo field is located in the MMV Basin. In Management's opinion, the fields within the basin are more structurally complex than in the Llanos basin, but have the potential for significant oil in place

Oso Pardo Field

The Oso Pardo Field is located in the former Santa Isabel Block in the MMV Basin. It is a 100% owned property operated by the Company. Currently the Company holds 672 acres on the property which includes the three oil wells currently defining the Oso Pardo Field.

Ombu E&P Contract – Capella Conventional Heavy Oil Discovery

The Caguan Basin is approximately 60,000 km^2 and lies between the Putumayo and Llanos Basins. The primary reservoir target is the Upper Eocene aged Mirador formation. The Capella structure is a large, elongated northeast-southwest fault-related anticline, with approximately 17,500 acres in closure (above the recognized Mirador). The field is located approximately 250 km away from the nearest offloading station at Neiva, where production from Capella is trucked.

The Capella No. 1 discovery well was drilled in July 2008 and was followed by a series of development wells. The Company earned a 10% working interest in the Ombu E&P Contract by paying 100% of all activities associated with the drilling, completion, and testing of the Capella No. 1 well.

Fir, Alberta

The Company has an average non-operated 32% WI in 12 gross (4.1 net) sections of oil and natural gas rights and 12 gross (3.64 net) natural gas wells at Fir. The wells produce raw natural gas into the Cecilia natural gas plant where it is processed.

Three Months Ended September 30, 2019 Financial and Operational Highlights

- For the three months ended September 30, 2019, Arrow recorded $6,320,471 in revenues (net of royalties on crude oil sales of 151,313 bbls, 528 bbls of natural gas liquids ("NGL's") and 55,037 Mcf of natural gas sales.
- Funds from operations of $1,500,573.
- Adjusted EBITDA for the three months ended September 30, 2019 was $1,993,407.
- The Company recorded a net loss of $1,325,939 for the three months ended September 30, 2019. Net capital expenditures for the three months ended September 30, 2019 was $2,012,557.

RESULTS OF OPERATIONS

The Company closed the Arrangement on September 28, 2018 and, as a result, there are no meaningful comparatives between the current year and prior year operations. As a result, and in the interest of providing more meaningful commentary to readers, we have compared operations for the current quarter ending September 30, 2019 against the prior quarters ending June 30 and March 31, 2019, where deemed appropriate.

The Company announced a commercial discovery at its RCE-1 exploration well on the Tapir block on June 2019. RCE-1 was spud on April 25, 2019 and reached a total depth of 10,000 ft md within the Ubaque Formation. The RCE-1 exploration well was perforated and tested over a 12-foot interval (true vertical depth) in the ‘C7 A’ Sand. Oil production over the test period averaged 613 bbl/d of 28.3^{o} API oil at a 46.5% water cut over a range of choke sizes. A peak oil rate of 1,172 bbl/d was recorded and the well did not produce any natural gas during the production test.

During 2019, the Company closed the sale of its remaining 20% interest in the VMM-2 Block located in the Middle Magdalena Basin in Colombia for gross proceeds of $3.5 million (the “VMM-2 Transaction”) and the sale of its Coati farm-in commitment for gross proceeds of $1.5 million, both subject to regulatory approval.

Average Production by Property

Average Production Boe/d	Three months ended September 30, 2019	Nine months ended September 30 2019	Three months ended June 30 2019	Three months ended March 31 2019
LLA-23	**1,114**	**1,135**	1,208	1,082
Oso Pardo	**146**	**169**	171	191
Ombu (Capella)	**243**	**266**	282	272
Mono Araña (VMM-2)	**-**	**14**	-	43
Rio Cravo Este (Tapir)	**190**	**135**	80	-
Total Colombia	**1,693**	**1,719**	1,741	1,588
Fir, Alberta	**106**	**115**	118	122
TOTAL	**1,799**	**1,834**	1,859	1,710

For the three months ended September 30, 2019, the Company’s average production was 1,799 boe/d which consisted of crude oil production in Colombia at 1,693 bbl/d, and natural gas production of 598 Mcf/d and minor amounts of natural gas liquids from the Company’s Canadian properties. During the three months ended September 30, 2019, production decreased in the LLA-23 block due to a watercut increase in the Agueda and Labrador fields. The decrease in Oso Pardo block was related to a fall in pressure, and Ombu’s production decreased due to intermittent power outages during Q3 2019, whereas Rio Cravo Este had an increase in production due to improvements made to water handling and as Q3 2019 was the first full quarter of production for RCE-1.

Only two days of operations were recognized in the three and nine months ended September 30, 2018, during which time Colombian production averaged 1,350 boe/d of oil from all properties and 131 boe/d equivalent of gas production in Canada.

Average Daily Natural Gas and Oil Production and Sales Volumes

	Three months ended September 30		Nine months ended September 30		Three months ended June 30		Three months ended March 31	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Natural Gas (Mcf/d)								
Natural gas production	**598**	758	**657**	758	**677**		**696**	-
Natural gas sales	**598**	758	**657**	758	**677**	-	**696**	-
Realized Contractual Natural Gas Sales	**598**	758	**657**	758	**677**	-	**696**	-

	Three months ended September 30		Nine months ended September 30		Three months ended June 30		Three months ended March 31	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Crude Oil (bbl/d)								
Crude oil production	**1,693**	1,350	**1,719**	1,350	**1,741**		**1,588**	-
Inventory movements and other	**(48)**	-	**(57)**	-	**(109)**	-	**(15)**	-
Crude Oil Sales	**1,645**	1,350	**1,662**	1,350	**1,635**	-	**1,573**	-
Corporate								
Natural gas production (boe/d)	**100**	126	**109**	126	**113**	-	**116**	-
Natural Gas Liquids(bbl/d)	**6**	5	**6**	5	**5**	-	**6**	-
Crude oil production (bbl/d)	**1,693**	1,350	**1,719**	1,350	**1,741**	-	**1,588**	-
Total production (boe/d)	**1,799**	1,481	**1,834**	1,481	**1,859**	-	**1,710**	-
Inventory movements and other (boe/d)	**(48)**	-	**(57)**	-	**(106)**	-	**(15)**	-
Total Corporate Sales (boe/d)	**1,751**	1,481	**1,777**	1,481	**1,753**	-	**1,695**	-

During the three and nine months ended September 30, 2019 the majority of production was attributed to Colombia where the Company operates three producing properties: LLA-23, Oso Pardo and Rio Cravo Este, and one non-operated property, Ombu.

In Canada, the Company has two operated and two non-operated properties located in the province of Alberta at Fir, Pepper, Harley and Wapiti. During Q3 2019, Fir produced 598 Mcf/d of natural gas and 6 bbl/d of natural gas liquids.

Natural Gas and Oil Revenues

	Three months ended September 30		Nine months ended September 30		Three months ended June 30		Three months ended March 31	
	2019	2018	**2019**	**2018**	**2019**	2018	**2019**	2018
Natural Gas								
Natural gas revenues	**40,285**	3,446	**220,169**	3,446	**46,654**	-	**133,230**	-
NGL revenues	**21,545**	1,447	**71,515**	1,447	**28,995**	-	**20,975**	-
Royalties	**(3,359)**	(299)	**(20,714)**	(299)	**(6,878)**	-	**(10,477)**	-
Revenues, net of royalties	**58,471**	4,594	**270,970**	4,594	**68,771**	-	**143,728**	-
Oil								
Oil revenues	**6,926,129**	169,962	**21,807,687**	169,962	**8,300,819**	-	**6,580,739**	-
Royalties	**(664,129)**	(16,299)	**(2,223,818)**	(16,299)	**(843,862)**	-	**(715,827)**	-
Revenues, net of royalties	**6,261,999**	153,663	**19,583,868**	153,663	**7,456,957**	-	**5,864,912**	-
Corporate								
Natural gas revenues	**40,285**	3,446	**220,169**	3,446	**46,654**	-	**133,230**	-
NGL revenues	**21,545**	1,447	**71,515**	1,447	**28,995**	-	**20,975**	-
Oil revenues	**6,926,129**	169,962	**21,807,687**	169,962	**8,300,819**	-	**6,580,739**	-
Total revenues	**6,987,959**	174,855[1]	**22,099,371**	174,855[1]	**8,376,468**	-	**6,734,944**	-
Royalties	**(667,488)**	(16,598)[1]	**(2,244,532)**	(16,598)[1]	**(850,740)**	-	**(726,304)**	-
Natural gas and crude oil revenues, net of royalties, as reported	**6,320,470**	158,257[1]	**19,854,838**	158,257[1]	**7,525,728**	-	**6,008,640**	-

[1] *Only two days of operations were recognized in the comparable 2018 three and nine month periods.*

Revenue for the three and nine months ended September 30, 2019 was $6.3 and $19.9 million, respectively, net of royalties, which represents a decrease of 6% compared to Q2 2019. This decrease is mainly due to reduced realized prices of crude oil combined with lower production. There were only two days of production for the same periods ended September 30, 2018. The majority of the Company's production is of crude oil and the Company receives Brent referenced pricing for its crude oil.

Average Benchmark and Realized Prices

	Three months ended September 30			Nine months ended September 30			Three months ended June 30		
	2019	2018	Change	**2019**	2018	Change	**2019**	2018	Change
Benchmark Prices									
AECO ($/Mcf)	**$0.77**	$0.96	-25%	**$1.17**	$1.18	-1%	**$1.10**	$1.11	-1%
Brent ($/bbl)	**$62.03**	$75.84	-22%	**$64.79**	$72.69	-12%	**$68.52**	$74.97	-9%
West Texas Intermediate ($/bbl)	**$56.41**	$69.68	-24%	**$57.09**	$66.85	-17%	**$59.94**	$67.97	-13%
Realized Prices									
Natural gas, net of transportation ($/Mcf)	**$0.72**	$1.53	n/a	**$1.23**	$1.53	n/a	**$0.78**	-	n/a
Natural gas liquids ($/bbl)	**$40.24**	$75.85	n/a	**$44.13**	$75.85	n/a	**$62.50**	-	n/a
Crude oil, net of transportation ($/bbl)	**$45.77**	$62.94	n/a	**$49.37**	$62.94	n/a	**$52.39**	-	n/a
Corporate average, net of transport ($/boe)[(1)]	**$43.41**	$56.51	n/a	**$46.32**	$56.51	n/a	**$49.49**	-	n/a

The Company realized a price of $43.41 and $46.32 per boe during the three and nine months ended September 30, 2019, respectively, as world oil prices decreased during Q3 2019. In Canada, natural gas prices remained at depressed levels.

Operating Expenses

	Three months ended September 30		Nine months ended September 30		Three months ended June 30		Three months ended March 31	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Natural gas & NGL's	**85,862**	-	**308,238**	-	**106,341**	-	**116,035**	-
Crude oil	**2,742,723**	-	**9,096,545**	-	**3,098,796**	-	**3,255,026**	-
Total operating expenses	**2,828,585**	70,326[(2)]	**9,404,783**	70,326[(2)]	**3,205,137**	-	**3,371,061**	-
Natural gas ($/Mcf)	**$1.36**	-	**$1.72**	-	**$1.78**	-	**$1.85**	-
Crude oil ($/bbl)	**$18.13**	-	**$20.59**	-	**$19.56**	-	**$23.00**	-
Corporate ($/boe)[(1)]	**$17.56**	-	**$19.40**	-	**$19.02**	-	**$22.10**	-

(1)Non-IFRS measure

[(2)] Only two days of operations were recognized in the comparable 2018 three and nine month periods

During the three and nine months ended September 30, 2019, Arrow incurred operating expenses of $2,828,585 and $9,404,783 respectively, at an average cost of $17.56 and $19.40 per boe. Operating expenses for the three months ended September 30, 2019 decreased $376,552 or 12% compared with Q2 2019, the result of reduced unscheduled maintenance costs incurred in Q2 2019 and stabilization of operations of the RCE-1 well. There were only two days of production for the same periods ended September 30, 2018.

Operating Netbacks

$/Mcf	Three months ended September 30		Nine months ended September 30		Three months ended June 30		Three months ended March 31	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Natural Gas								
Revenue, net of transportation expense	**$0.72**	$1.00	**$1.23**	$1.00	**$0.78**	-	**$2.12**	-
Royalties	**(0.08)**	(0.04)	**(0.32)**	(0.04)	**(0.19)**	-	**(0.17)**	-
Operating expenses	**(1.36)**	(0.81)	**(1.72)**	(0.81)	**(1.78)**	-	**(1.85)**	-
Operating netback[1]	**($0.72)**	$0.15	**($0.61)**	$0.15	**($1.19)**	-	**$0.10**	-

$/bbl	Three months ended September 30		Nine months ended September 30		Three months ended June 30		Three months ended March 31	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Crude oil								
Revenue, net of transportation expense	**$45.77**	$62.94	**$49.37**	$62.94	**$52.39**	-	**$46.49**	-
Royalties	**(4.39)**	(6.04)	**(5.03)**	(6.04)	**(5.33)**	-	**(5.06)**	-
Operating expenses	**(18.13)**	(20.02)	**(20.59)**	(20.02)	**(19.56)**	-	**(23.00)**	-
Operating netback[1]	**$23.26**	$36.89	**$23.74**	$36.89	**$27.50**	-	**$18.43**	-

$/boe	Three months ended September 30		Nine months ended September 30		Three months ended June 30		Three months ended March 31	
	2019	2018	**2019**	**2019**	**2019**	2018	**2019**	2018
Corporate								
Revenue, net of transportation expense	**$43.41**	$56.51	**$46.32**	$56.51	**$49.49**	-	**$44.15**	-
Royalties	**(4.17)**	(5.36)	**(4.72)**	(5.36)	**(5.07)**	-	**(4.76)**	-
Operating expenses	**(17.56)**	18.41	**(19.40)**	18.41	**(19.02)**	-	**(22.10)**	-
Operating netback[1]	**$21.68**	$32.73	**$22.20**	$32.73	**$25.40**	-	**$17.29**	-

[1]*Non-IFRS measure*

General and Administrative Expenses (G&A)

	Three months ended September 30		Nine months ended September 30		Three months ended June 30		Three months ended March 31	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
General & administrative expenses	**1,981,311**	268,685	**5,737,198**	836,072	**2,214,490**	345,026	**1,541,397**	312,020
Transaction costs	**-**	1,073,656	**-**	1,073,656	**-**	-	**-**	-
Less: G&A capitalized	**(272,500)**	-	**(423,750)**	-	**-**	-	**(151,250)**	-
G&A recovered from 3rd parties	**-**	-	**(480,614)**	-	**(359,464)**	-	**(121,150)**	-
Total operating overhead recovery	**(272,500)**	1,342,341	**(904,364)**	1,909,728	**(359,464)**	-	**(272,400)**	-
Total G&A	**$1,708,811**	$268,685	**$4,832,834**	$836,072	**$1,855,026**	$345,026	**$1,268,997**	$312,020
Cost per boe	**10.65**	-	**10.25**	-	**11.00**	-	**8.27**	

For the three and nine months ended September 30, 2019, G&A expenses, before capitalization totaled $1,981,311 and $5,737,198, respectively, a decrease of $233,179 over the previous quarter, mainly represented by lower consulting and legal fees related to activities to attempt securing a credit facility, mostly incurred during Q2 2019, and severance payments made to a former executive of the Company during Q2 2019. The Company has also capitalized $423,750 to its exploration and evaluation assets related with its exploration efforts in the Tapir block and had G&A recoverable from its partner in the Tapir block for $480,614. Transaction costs incurred in 2018 were primarily legal costs associated with the acquisitions and reverse takeover that occurred in 2018.

Financing Costs

	Three months ended September 30		Nine months ended September 30		Three months ended June 30		Three months ended March 31	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Financing expense paid or payable	**$728,910**	4,110	**$1,742,005**	4,110	**$803,162**	-	**$209,933**	-
Non-cash financing costs	**95,666**	1,100	**286,378**	1,100	**96,140**	-	**94,572**	-
Net financing costs	**$824,576**	$5,210	**$2,028,383**	$5,210	**$899,302**	-	**$304,505**	-

The finance expense paid or payable represents interest on the $5 million promissory note due to Canacol, as partial payment for the acquisition of Carrao which bears interest at 15% per annum. In addition, financing expense includes fees and interest associated with financing standby letters of credit on certain of the Company's Colombian blocks. The non-cash finance cost represents an increase in the present value of the decommissioning obligation for the current periods. The amount of this expense will fluctuate commensurate with the asset retirement obligation as new wells are drilled or properties are acquired or disposed.

Risk Management Contracts

	Three months ended September 30		Nine months ended September 30		Three months ended June 30		Three months ended March 31	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Realized derivative gain on commodity risk management contracts	**$43,117**	-	**$92,977**	-	**$49,860**	-	-	-
Unrealized derivative gain on commodity risk management contracts	**158,510**	-	**409,860**	-	**251,350**	-	-	-
Total income on risk management activities	**$201,627**	-	**$502,837**	-	**$ 301,210**	-	-	-

During 2019, the Company entered into a 'costless collar' commodity hedging agreement for a total of 18,000 barrels of oil per month from June 1 to December 31, 2019. This agreement provides a Brent-based floor price of $65 per barrel and a ceiling price of $71 per barrel on 18,000 barrels of oil per month over the aforementioned time period.

Share-based Payments Expense

	Three months ended September 30		Nine months ended September 30		Three months ended June 30		Three months ended March 31	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Share-based Payments expense	**$303,816**	-	**$791,387**	-	**$165,675**	-	**$321,896**	-

Share-based payments expense for the three and nine months ended September 30, 2019 totalled $303,816 and $791,387, respectively, compared to $165,675 in the previous quarter. This expense is the result of the progressive vesting of the options granted to the Company's employees and consultants according to the company's stock-based compensation plan.

Depletion and Depreciation

	Three months ended September 30		Nine months ended September 30		Three months ended June 30		Three months ended March 31	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Depletion and depreciation	**$2,268,748**	$13,793	**$6,870,961**	$13,793	**$2,280,963**	-	**$2,231,250**	-

Depletion and depreciation expense in the three and nine months ended September 30, 2019 totalled $2,268,748 and $6,870,961, respectively, compared with $2,280,963 in the previous quarter. There were only two days of production for the same periods ended September 30, 2018. The Company uses the unit of production method and proved plus probable reserves to calculate depletion expense. For more information on the Company's reserves and oil and gas activities, please see the 2018 AIF.

Impairment of Oil and Gas Properties

	Three months ended September 30		Nine months ended September 30		Three months ended June 30		Three months ended March 31	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Impairment of Oil and Gas Properties	**-**	-	**$2,450,000**	-	**$2,450,000**	-	**-**	-

As at September 30, 2019, the Company reviewed its Cash-Generating Unit's ("CGU") property and equipment for indicators of impairment and determined that there were no indicators present. An impairment loss of $2,450,000 was recognized on its Canadian CGU for the three month period ending June 30, 2019.

Income Taxes

	Three months ended September 30		Nine months ended September 30		Three months ended June 30		Three months ended March 31	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Current income tax expense	**318,834**	-	**445,598**	-	-	-	**$126,764**	-
Deferred income tax expense (recovery)	**(195,000)**	-	**(311,000)**	-	**(133,000)**	-	**17,000**	-
Total income tax expense (recovery)	**$123,834**	-	**$134,598**	-	**$(133,000)**	-	**$ 143,764**	**-**

At September 30, 2019, the carrying value of the deferred income tax liability was $2,015,000, using the asset and liability method of accounting for income taxes related to the operations of Carrao. The Company recognizes deferred income tax assets to the extent it believes that these assets will more likely than not be realized. The Company offsets the deferred income tax assets against the deferred income tax liability when it has the legal right to do so. In making this determination, the Company considers all available positive and negative evidence, including the reversal of all existing temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. As a result, the Company determined it was not appropriate to recognize a deferred tax asset with respect to its Canadian operations.

While the Company incurred a loss for tax purposes, under the tax code in Colombia, the Company is liable for a capital or presumptive tax which for 2019 assumes that 1.5% of the net tax equity at the previous year end is the presumptive income in the current year and is taxed at the corporate tax rate in Colombia of 33% (the "Presumptive Tax"). While the Company does not expect to pay corporate taxes in the foreseeable future based on existing tax pools, planned capital activities and current forecasts of taxable income, it will be subject to the Presumptive Tax. Ultimately, the current tax horizon will depend on several factors including commodity prices, future production, corporate expenses, and both the type and amount of capital expenditures incurred in future reporting periods.

LIQUIDITY AND CAPITAL RESOURCES

Capital Management

The Company's objective is to maintain a capital base sufficient to provide flexibility in the future development of the business and maintain investor, creditor and market confidence. The Company manages its capital structure and makes adjustments in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company considers its capital structure to include share capital, debt and working capital, excluding non-cash items. In order to maintain or adjust the capital structure, from time to time the Company may issue common shares or other securities, sell assets or adjust its capital spending to manage current and projected debt levels.

The Company monitors leverage and adjusts its capital structure based on its net debt level. In order to facilitate the management of its net debt, the Company prepares annual budgets, which are updated as necessary depending on varying factors including current and forecast crude oil prices, changes in capital structure, execution of the Company's business plan and general industry conditions. The annual budget is approved by the Company's board of directors and updates are prepared and reviewed as required.

During 2019, the Company entered into a definitive agreement to sell two non-core property interests for $5 million, subject to adjustments. The two interests consisted of the Company's remaining working interest in the VMM-2 Block as well as an exploration commitment to earn a 40% working interest in the Coati Block, subject to regulatory approval. The VMM-2 sale closed on April 29, 2019 for gross proceeds of $3.5 million, and the Coati sale closed May 22, 2019 (effective May 1, 2019) for gross proceeds of $1.5 million.

At September 30, 2019 the Company's net debt was calculated as follows:

		September 30, 2019
Current assets	$	8,771,087
Other long-term receivables		1,072,848
Less:		
Accounts payable and accrued liabilities		11,935,993
Promissory Note – principal		5,000,000
Net debt [(1)]	**$**	**7,092,058**

[(1)] *Non-IFRS measure*

Working Capital

At September 30, 2019 the Company's working capital was calculated as follows:

		September 30, 2019
Current assets:		
Cash and restricted cash	$	215,908
Trade and other receivables		5,569,553
Taxes receivable		2,318,646
Other current assets		666,980
Less:		
Accounts payable and accrued liabilities		11,935,993
Lease obligation		66,336
Working capital (deficit) [(1)]	**$**	**(3,231,242)**

[(1)] *Non-IFRS measure*

As at September 30, 2019, the Company had a working capital deficit of $3,231,242, a decrease of $327,540 as compared to $3,558,782 at the prior year-end, net of the $5 million change in classification of the Amended Note as long term. This decrease is primarily due to increases in trade and other receivables, including joint venture receivables from the Tapir block, and taxes receivable consisting mainly of recoverable IVA (VAT). The Company's working capital also includes $11,935,993 in accounts payable and accrued liabilities of which approximately 34% is greater than 90 days in ageing. The Company's plans to reduce and eliminate the working capital deficit include a combination of future cash flows from operations, recovery of taxes receivable and continuing to pursue additional financing alternatives.

Debt Capital

The Company currently has $5 million in outstanding debt in the form of a promissory note payable to Canacol.

On April 29, 2019, Arrow and Canacol entered into an amended and restated promissory note (the "Amended Note") to revise the terms of the original $5 million promissory note issued to Canacol upon Arrow's acquisition of Carrao Energy S.A. from Canacol in September 2018 (the "Original Note"). The amendments provided for repayment of the obligation commencing on July 1, 2019 at $500,000 per month until payout. The Amended Note, which bore interest at 15%, also contained an accelerated payment feature whereby Canacol would have received 50% of Arrow's working interest cash flow from the RCE-1 well, calculated on a two-month trailing basis, up to a maximum of $500,000, such that the monthly payment to Canacol would not exceed $1 million. The balance of the obligation would also have been accelerated under the Amended Note in the event Arrow closes a credit facility or other financing structure, or closes a sale of assets pursuant to a definitive agreement entered into after April 29, 2019, in either case for net proceeds to Arrow in a minimum amount of $5 million.

On July 31, 2019, Arrow and Canacol entered into a second amended and restated promissory note (the "Note") to revise the terms of the Original Note and Amended Note. The amendments provide a deferral of principal payments to commence on October 1, 2020 and which shall be paid in six monthly instalments such that all Note obligations are paid in full on or before March 1, 2021 The amendments also provide that the Company will repay all interest accrued to July 31, 2019 (totaling $628,767) by December 31, 2019 and, on September 1, 2019, the Company commenced making monthly interest-only payments on the principal sum then outstanding plus the outstanding accrued interest balance. The interest payable on the Note remains unchanged at 15% per annum, and the Note continues to be repayable at any time without penalty. The Company has now granted a general security interest to Canacol for the obligations under the Note which will be subordinated to second position in the event the Company secures additional financing.

The Company has been working to secure a development drilling loan that, if successful, will provide funding to develop prospects initially in the Tapir block. Additionally, Arrow continues to engage in discussions with various potential lenders to provide alternative debt solutions.

Letters of Credit

At September 30, 2019, the Company had obligations under Letters of Credit ("LC's") outstanding totaling $12.3 million to guarantee work commitments on exploration blocks and other contractual commitments. Of the total, approximately $11.3 million has been guaranteed by Canacol. Under an agreement with Canacol, Canacol will continue to provide security for the LC's providing that Arrow uses all reasonable efforts to replace the LC's. In the case of the abandonment LC's on LLA-23, if the LC's have not been replaced by December 31, 2020, then Arrow will pay a 1% per annum fee, payable monthly until the LC's have been replaced. In the event the Company fails to secure the renewal of the LC's underlying the Company's Agencia Nacional de Hidrocarburos ("ANH") guarantees, or any of them, the ANH could decide to cancel the underlying E&P contract for a particular block, as applicable. In this instance, the Company could risk losing its entire interest in the applicable block, including all capital expended to date, and could possibly also incur additional abandonment and reclamation costs if applied by the ANH.

Current Outstanding Letters of Credit

Contract	Beneficiary	Issuer	Type	Amount (US $)	Renewal Date [1]
LLA - 23	ANH	Canacol	Abandonment	$3,489,495	October 31, 2019
	ANH	Canacol and Carrao	Abandonment	$3,176,625	October 31, 2019
	ANH	Canacol and Carrao	Compliance	$600,000	January 31, 2020
Tapir	ECP	Samaria Llanos	Abandonment	$53,000	December 26, 2019
SANTA ISABEL	ANH	Carrao Energy SA Suc Col	Abandonment	$482,451	April 14, 2020
	ANH	Canacol and Carrao	Financial Capacity	$1,672,162	October 31, 2019
CORE - 39	ANH	Canacol	Compliance	$2,400,000	January 31, 2020
OMBU	ANH	Carrao Energy SA Suc Col	Financial Capacity	$436,300	April 14, 2020
Total				**$12,310,033**	

[1] *Standby letters of credit, guaranteed by the EDC, are renewed and extended every six months.*

Share Capital

At September 30, 2019, the Company had 68,674,602 common shares, 6,715,000 stock options, and 18,957,398 warrants outstanding.

Subsequent Events

Effective October 16, 2019, Mr. Bruce McDonald announced his resignation as President, Chief Executive Officer and Director of the Company. Mr. McDonald was entitled to severance payments totaling $485,000 (CAD $630,000) that was paid subsequent to September 30, 2019 and will be reported in the Company's financial statements for the year ended December 31, 2019. Mr. Jack Scott, Chief Operating Officer of the Company, was appointed interim President and CEO.

Subsequent to September 30, 2019, Arrow's board of directors has formed a special committee (the "Committee") to evaluate strategic alternatives for the Company with a view to improving the Company's balance sheet, including addressing its working capital deficit, long-dated payables and upcoming debt maturity in October 2020, and maximizing enterprise value. The strategic alternatives process is intended to explore a comprehensive range of strategic alternatives including: a sale, merger or other business combination; a disposition of all or certain assets of the Company; recapitalization and refinancing opportunities; sourcing new financing and equity capital; and other alternatives to maximize value. The Committee has been given a mandate by the Board to hire a strategic advisor(s) to support the evaluation of all potential alternatives. The Company will provide additional information regarding the strategic alternatives process once such advisor(s) has been selected. There can be no guarantees as to whether the strategic alternatives process will result in a transaction or the terms or timing of any resulting transaction.

CONTRACTUAL OBLIGATIONS

The following table provides a summary of the Company's cash requirements to meet its financial liabilities and contractual obligations existing at November 27, 2019:

	Less than 1 year	1-3 years	Thereafter	Total
Promissory Note	$ -	$ 5,000,000	$ -	$ 5,000,000
Exploration and production contracts	-	23,790,000	-	23,790,000
	$ -	**$ 28,790,000**	**$ -**	**$ 28,790,000**

Exploration and Production Contracts

The Company has entered into a number of exploration contracts in Colombia which require the Company to fulfill work program commitments and issue financial guarantees related thereto. In aggregate, the Company has outstanding exploration commitments at September 30, 2019 of $23.8 million. During 2019, the Company completed its earning commitment on the Tapir block by drilling the RCE-1 well and, with the sale of non-core assets (see Note 8 of the Company's condensed consolidated financial statements as at September 30, 2019), the Company transferred to the purchaser $6.95 million in commitments on the Coati block that were scheduled for 2020. During the second quarter of this year the Company, in conjunction with its partners, made application to cancel a further $15.5 million in commitments on the Macaya and Los Picachos blocks. This request was subsequently denied by the ANH. The remaining commitments are expected to be satisfied by means of seismic work, exploration drilling and farm-outs.

Oleoducto Bicentenario de Colombia ("OBC") Pipeline

The Company is party to an agreement with Canacol that entitles it to a 0.5% interest in OBC, which owns a pipeline system intended to link Llanos basin oil production to the Caño Limon oil pipeline system in Colombia. This agreement was part of Arrow's acquisition of Carrao from Canacol. Recently, the Company in conjunction with Canacol, notified OBC to transfer title of the shares currently in the name of Canacol to Arrow. The transfer requires approval by OBC which at the date of this MD&A had not been received.

Canacol is currently in litigation with OBC in relation to ship or pay obligations that were terminated by Canacol in July 2018 under force majeure. Under terms of the agreement, if the pipeline has not been operational for a period greater than six months then the ship or pay obligation may be cancelled. The pipeline remains non-operational as of the date of this MD&A.

On March 27, 2019, the court in charge of the case ruled in favor of the OBC and opined that the obligations under the ship or pay contract remains in force. Subsequently, on May 13, 2019, Canacol filed an appeal at the State Council, a higher-level court in the Colombian judiciary system, requesting annulment of this ruling. Likewise, in July 2019, OBC has also started litigation against Canacol for not honouring its ship or pay obligations under the contract.

Depending on the final outcome of this dispute, Arrow may be required to satisfy past and future ship or pay obligations.

Upon official transfer of ownership to Arrow and under the terms of the OBC agreement, Arrow may be required to provide financial support or guarantees for its proportionate equity interest in any future debt financings or cash calls undertaken by OBC. At the same time, Arrow would be entitled to dividends declared and paid by OBC based on its 0.5% ownership interest.

SUMMARY OF THREE MONTHS RESULTS

	2019			2018				2017
	Q3	**Q2**	**Q1**	**Q4**	Q3	Q2	Q1	Q4
Oil and natural gas sales, net of royalties	**6,320,471**	**7,525,728**	**6,008,460**	**5,911,425**	158,257	**-**	-	-
Net income (loss)	**(1,325,939)**	**(1,776,740)**	**(1,704,180)**	**1,242,936**	(1,265,672)	(359,560)	(312,107)	(4,193)
Income (loss) per share – basic and diluted	**(0.02)**	**(0.03)**	**(0.02)**	**0.02**	(0.02)	**-**	-	-
Working capital (deficit)	**(3,231,242)**	**(8,074,697)**	**(7,799,848)**	**(8,558,782)**	(4,546,878)	(671,359)	(308,534)	(3,598)
Total assets	**73,870,261**	**76,333,739**	**77,066,582**	**76,962,315**	76,448,190	26,131	20,542	4,347
Net capital expenditures	**2,012,557**	**4,171,680**	**3,401,365**	**7,007,580**	62,624,775	**-**	-	-
Average daily production (boe/d)	**1,799**	**1,859**	**1,710**	**1,682**	1,481	-	-	-

Over the past five quarters, the Company's oil and natural gas sales have fluctuated due to changes in production, movements in the Brent benchmark oil price and fluctuations in realized oil price differentials. The Company's production levels in Colombia have been variable, with increases driven by operational improvements and additional crude oil from the

RCE-1 well, partially offset by the sale of the Company's interest in the VMM-2 block and natural declines on mature blocks. Prior to the third quarter 2018, Arrow had no oil and gas operations. Trends in the Company's net income (loss) are also impacted most significantly by financing costs, income taxes, depletion, depreciation and impairment of oil and gas properties, gains and losses from risk management activities. Please refer to the Company's previously issued annual and interim MD&As for further information regarding changes in prior quarters.

OUTSTANDING SHARE DATA

At November 27, 2019, the Company had the following securities issued and outstanding:

	Number	Exercise Price	Expiry Date
Common shares	68,674,602	n/a	n/a
Stock options	4,400,000	$CAD 1.15	October 22, 2028
Stock options	1,070,000	$CAD 0.31	May 3, 2029
Warrants(1)	18,957,398	$US 1.30	September 24, 2020

(1) 18,327,398 of these warrants were issued upon the September 27, 2018 conversion of the subscription receipts subscribed for under the private placement financing and have an expiry date of September 27, 2020. 630,000 warrants have an expiry date of September 24, 2020 and remain outstanding following the September 24, 2018 closing of a private placement financing of units completed by Front Range, comprised of shares and warrants.

OUTLOOK – *refer to forward looking statements advisory on page 2*

The Company continues to focus on reducing operating costs and has made a significant improvement with the recent implementation of an improved water handling solution at RCE-1 on the Tapir Block in the Llanos Basin. This improved water handling solution has reduced operating costs for the RCE-1 well by approximately 25%.

The Company is planning to drill a follow-up appraisal well which will be named Rio Cravo Este-2 in the first quarter of 2020, pending rig availability, partner approval and closing a development drilling loan. A second contingent well, Rio Cravo Este-3 is planned pending the results of Rio Cravo Este-2.

On August 1, 2019, Arrow announced it had extended and amended the terms of the Note with Canacol such that all principal repayments are deferred until October of 2020 and then the outstanding balance at that time is amortized over six months. These revised terms were necessary for the Company to continue negotiations to finalize a credit facility. In addition to the aforementioned priorities, the Company remains committed to reducing its accounts payable to conform within a typical 90-day payable period. To this end, free cash flow is currently being used to reduce accounts payable to accomplish this goal.

The Company has been working to secure a development drilling loan that, if successful, will provide funding to develop prospects initially in the Tapir block. Additionally, Arrow continues to engage in discussions with various potential lenders to provide alternative debt solutions.

Suspended contracts – the Company has three blocks in indefinite states of suspension with the ANH. The Los Picachos and Macaya Blocks, in which the Company holds a 37.5% working interest, is in an area of environmental protection and, as a result, is unlikely to be developed. During the second quarter of this year the Company, in conjunction with its partners, made application to cancel a further $15.5 million in commitments on the Macaya and Los Picachos blocks. This request was subsequently denied by the ANH\. Arrow ascribed nil value to the Los Picachos and Macaya Blocks when they were acquired from Canacol. The COR-39 Block, in which the Company holds a 100% working interest has been suspended since November 24, 2017. COR-39 is located in an environmentally sensitive area where it has not been possible to initiate an Environmental Impact Study due to the opposition of local stakeholders. Arrow ascribed nil value to COR-39 when it was acquired from Canacol.

CRITICAL ACCOUNTING ESTIMATES

A summary of the Company's significant accounting policies is contained in Note 3 Annual Financial Statements. These accounting policies are subject to estimates and key judgements about future events, many of which are beyond Arrow's control.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year as described in Note 3 of the Annual Financial Statements, except for the following adoption of new accounting standards effective January 1, 2019:

Adoption of IFRS 16, Leases

Effective January 1, 2019, the Company adopted IFRS 16 Leases ("IFRS 16"), which replaces previous IFRS guidance on leases: IAS 17 Leases ("IAS 17"). Under IAS 17, lessees were required to determine if the lease was a finance or operating lease, based on specified criteria of whether the lease transferred significantly all the risks and rewards associated with ownership of the underlying asset. Finance leases were recognized on the consolidated balance sheet while operating leases were recognized in net income (loss) and comprehensive income (loss) in the consolidated statements of comprehensive income (loss). IFRS 16 introduced a single lease accounting model for lessees which requires a right-of-use ("ROU") asset and liability to be recognized on the balance sheet for contracts that are, or contain, a lease. The Company adopted IFRS 16 using the modified retrospective approach, the effect of initially applying the standard was recognized as a $45,377 increase to ROU assets (included in "Property and Equipment") with a corresponding increase to lease obligations (the non-current portion of $15,885 is recorded in "Lease Obligation" and the current portion of the lease obligation is $29,492). On adoption of IFRS 16, the Company's lease liabilities related to contracts classified as a lease are measured at the discounted present value of the remaining minimum lease payments, excluding short-term and low-value leases. The ROU assets recognized were measured at amounts equal to the present value of the lease obligations. The weighted average incremental borrowing rate used to determine the lease obligation at adoption was approximately 10%. The ROU asset and lease obligation recognized relate to the Company's head office lease in Calgary. The Company elected to not apply lease accounting to certain leases for which the lease term ends within 12 months of the date of initial application. The measurement of lease obligations are subject management's judgment and the application incremental borrowing rate.

IFRS 16 is in effect for annual periods beginning on or after January 1, 2019. The Company has applied the modified retrospective transition approach.

On initial adoption, the Company applied the following optional expedients permitted under the standard. Some expedients are available on a lease-by-lease basis, while others are applicable by class of underlying asset.

- Certain short-term leases and leases of low value assets that have been identified at January 1, 2019, have not been recognized on the balance sheet.

- In their initial measurement upon transition, some leases having similar characteristics will be measured as a portfolio by applying a single discount rate.

Upon adoption the Company evaluated how to account for the ROU asset at either its carrying amount as if IFRS 16 had been applied since the commencement date of the lease, or an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized immediately before the date of transition. This determination was made on a lease by lease basis. At January 1, 2019, the Company recognized its ROU asset for the lease of its head office space as equal to the lease liability. This will result in the recognition of a ROU asset that is equal to its corresponding lease liability on transition. As a result, there is no impact on opening retained earnings at January 1, 2019.

The adoption of IFRS 16 resulted in an increase in the Company's total assets and liabilities as the Company recognizes leases on its balance sheet that were not recognized prior to adoption. Future net income will be impacted as the finance charges and depreciation charges associated with lease contracts are not expected to correspond in any one period to the amount of related cash flows.

The Company's leases that have been recognized on its balance sheet at January 1, 2019 include leases of real estate. The impacts of IFRS 16 disclosed herein are subject to change in future periods pending updates to individual contract terms, assumptions, and other facts and circumstances arising subsequent to the date of these financial statements.

The financial statement impact of IFRS 16 is subject to certain management judgments and estimates. Most notably, extension and termination provisions are included in certain lease contracts. In determining the lease term to be recognized, Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

RISKS AND UNCERTAINTIES

The Company is subject to financial, business and other risks, many of which are beyond its control and which could have a material adverse effect on the business and operations of the Company. Please refer to "Risk Factors" in the 2018 AIF for a description of the financial, business and other risk factors affecting the Company which are available on SEDAR at www.sedar.com