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ARROW ANNOUNCES Q1 2023 INTERIM RESULTS

CALGARY, May 30, 2023 – Arrow Exploration Corp. (AIM: AXL; TSXV: AXL) (“Arrow” or the “Company”), the high-growth operator with a portfolio of assets across key Colombian hydrocarbon basins, announces the filing of its Interim Condensed Consolidated Financial Statements and Management’s Discussion and Analysis (“MD&A”) for the quarter ended March 31, 2023 which are available on SEDAR (www.sedar.com) and will also shortly be available on Arrow's website at www.arrowexploration.ca.

Q1 2023 Highlights:

- Recorded \$6.9 million of total oil and natural gas revenue, net of royalties, more than double compared to 2022 (Q1 2022: \$3.4 million).
- Adjusted EBITDA of \$4.3 million, more than seven times compared to 2022 (Q1 2022: \$0.6 million).
- Average corporate production up 43% to 1,635 boe/d (Q1 2022: 1,144 boe/d).
- Realized corporate oil operating netbacks of \$58.31/bbl due to increased production allowing operating cost to be spread over more barrels.
- Cash position of \$12.3 million at the end of Q1 2023.
- Generated positive operating cashflows of \$2.4 million (Q1 2022: negative \$0.1 million).
- Drilled three successful wells at Rio Cravo Este (RCE) resulting in material production additions.

Post Period End Highlights:

- The Carrizales Norte-1 (CN-1) well has been drilled and reached its target depth, and is currently under production testing.

Outlook

- Arrow anticipates two additional wells to be drilled at Carrizales Norte by year-end.
- Arrow anticipates two additional wells at RCE by year-end to target the Gacheta formation which was successfully tested at commercial rates in RCE-2.
- Arrow plans to drill two development wells at the Oso Pardo Block in the Middle Magdalena Basin.

Marshall Abbott, CEO of Arrow Exploration Corp., commented:

“Arrow has had a strong start to 2023, including the drilling of three RCE wells and the CN-1 well, which is expected to have a significant impact on the Company’s production and reserves, as well as establishing a new core area. The 3D seismic West Tapir project has completed shooting, is currently being processed and is expected to further evaluate the 2D recognized fault prospects. The Arrow Team continues to strive towards excellence and increasing shareholder value.”



FINANCIAL AND OPERATING HIGHLIGHTS

(in United States dollars, except as otherwise noted)	Three months ended March 31, 2023	Three months ended March 31, 2022
Total natural gas and crude oil revenues, net of royalties	6,992,860	3,402,962
Funds flow from operations ⁽¹⁾	4,240,603	312,951
Funds flow from operations ⁽¹⁾ per share –		
Basic(\$)	0.02	0.00
Diluted (\$)	0.01	0.00
Net income (loss)	2,989,735	(5,431,865)
Net income (loss) per share –		
Basic (\$)	0.01	(0.03)
Diluted (\$)	0.01	(0.02)
Adjusted EBITDA ⁽¹⁾	4,271,726	562,284
Weighted average shares outstanding –		
Basic (\$)	222,717,847	213,577,686
Diluted (\$)	288,639,348	250,941,120
Common shares end of period	228,979,841	213,814,643
Capital expenditures	4,271,693	725,665
Cash and cash equivalents	12,354,424	8,967,197
Current Assets	15,849,150	11,538,944
Current liabilities	13,315,499	3,881,006
Adjusted working capital ⁽¹⁾	9,325,680	7,657,938
Long-term portion of restricted cash ⁽²⁾	831,048	742,733
Total assets	53,719,944	39,914,240
Operating		
Natural gas and crude oil production, before royalties		
Natural gas (Mcf/d)	2,459	4,221
Natural gas liquids (bbl/d)	4	6
Crude oil (bbl/d)	1,222	434
Total (boe/d)	1,635	1,144
Operating netbacks (\$/boe) ⁽¹⁾		
Natural gas (\$/Mcf)	(\$0.42)	\$0.73
Crude oil (\$/bbl)	\$58.31	\$48.94
Total (\$/boe)	\$42.21	\$20.16

⁽¹⁾Non-IFRS measures – see “Non-IFRS Measures” section of the MD&A

⁽²⁾Long term restricted cash not included in working capital



DISCUSSION OF OPERATING RESULTS

The Company maintained its overall production and continued improving its operations. This has allowed the Company to continue to improve its balance sheet and its business profile. In early 2023, the Company increased production on its Tapir block through drilling the RCE-3, RCE-4 and RCE-5 wells, offset by the current production shut in at its Ombu block. There has also been a decrease in the Company's natural gas production in Canada due to natural declines.

Average Production by Property

Average Production Boe/d	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Oso Pardo	138	115	104	112	121
Ombu (Capella)	80	238	215	97	177
Rio Cravo Este (Tapir)	1,004	832	860	366	136
Total Colombia	1,222	1,185	1,179	575	434
Fir, Alberta	74	79	82	86	73
Pepper, Alberta	340	472	242	319	636
TOTAL (Boe/d)	1,635	1,736	1,503	980	1,144

For the three months ended March 31, 2023, the Company's average production was 1,635 boe/d, which consisted of crude oil production in Colombia of 1,222 bbl/d, natural gas production of 2,459 Mcf/d and minor amounts of natural gas liquids from the Company's Canadian properties. The Company's Q1 2023 total production was 43% higher than its total production for the same period in 2022.

DISCUSSION OF FINANCIAL RESULTS

During Q1 2023 the Company continued to realize strong oil prices, offset by decreased gas prices, as summarized below:

	Three months ended March 31		
	2023	2022	Change
Benchmark Prices			
AECO (\$/Mcf)	\$2.43	\$3.68	-34%
Brent (\$/bbl)	\$79.21	\$97.90	-19%
West Texas Intermediate (\$/bbl)	\$76.10	\$94.94	-20%
Realized Prices			
Natural gas, net of transportation (\$/Mcf)	\$2.11	\$3.65	-42%
Natural gas liquids (\$/bbl)	\$66.13	\$76.89	-14%
Crude oil, net of transportation (\$/bbl)	\$73.31	\$73.87	-1%
Corporate average, net of transport (\$/boe)	\$57.23	\$40.13	43%

(1) Non-IFRS measure

OPERATING NETBACKS

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



	Three months ended March 31	
	2023	2022
Natural Gas (\$/Mcf)		
Revenue, net of transportation expense	\$2.11	\$3.65
Royalties	(0.19)	(0.79)
Operating expenses	(2.34)	(2.13)
Natural gas operating netback⁽¹⁾	(\$0.42)	\$0.73
Crude oil (\$/bbl)		
Revenue, net of transportation expense	\$73.31	\$73.87
Royalties	(9.11)	(6.24)
Operating expenses	(5.88)	(18.69)
Crude oil operating netback⁽¹⁾	\$58.31	\$48.94
Corporate (\$/boe)		
Revenue, net of transportation expense	\$57.23	\$40.13
Royalties	(6.98)	(5.22)
Operating expenses	(8.03)	(14.76)
Corporate operating netback⁽¹⁾	\$42.21	\$20.16

⁽¹⁾Non-IFRS measure

The operating netbacks of the Company continued improving in 2023 due to increasing production from its Colombian assets, and consistent crude oil prices, which were offset by decreases in natural gas prices and increases in royalties and operating expenses for natural gas.

During Q1 2023, the Company incurred in \$4.3 million of capital expenditures, primarily in connection with the drilling of the three RCE wells, civil works completed in Rio Cravo and shooting 100 km² of 3D seismic in the Tapir block to highlight existing leads and prospects for drilling. This acceleration in operational tempo is expected throughout 2023, funded by cash on hand and cashflow.

ARROW PARTICIPATING INTEREST IN THE TAPIR BLOCK

By way of a private commercial contract with the recognized interest holder before Ecopetrol S.A., Arrow is entitled to receive 50% of the production from the Tapir block. The formal assignment to the Company is subject to Ecopetrol's consent.

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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.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Glossary

Bbl/d or bop/d: Barrels per day

\$/Bbl: Dollars per barrel

Mcf/d: Thousand cubic feet of gas per day

Mmcf/d: Million cubic feet of gas per day

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

Mboe: Thousands of barrels of oil equivalent

Boe/d: Barrels of oil equivalent per day

\$/Boe: Dollars per barrel of oil equivalent

BOE's may be misleading particularly if used in isolation. A BOE conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

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.