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ARROW ANNOUNCES Q3 2023 INTERIM RESULTS

CALGARY, Nov 29, 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 (unaudited) Consolidated Financial Statements and Management’s Discussion and Analysis (“MD&A”) for the three and nine months ended September 30, 2023 which are available on SEDAR (www.sedar.com) and will also be available shortly on Arrow’s website at www.arrowexploration.ca.

Q3 2023 Highlights:

- Recorded \$13.9 million of total oil and natural gas revenue, net of royalties, almost double compared to the same period in 2022 (Q3 2022: \$7.6 million).
- Net income of \$7.1 million and adjusted EBITDA⁽¹⁾ of \$9.8 million, more than double compared to 2022 (Q3 2022: \$2 million and \$4.6 million, respectively).
- Average corporate production up 68% to 2,518 boe/d (Q3 2022: 1,503 boe/d).
- Realized corporate oil operating netbacks⁽¹⁾ of \$52.67/bbl. Q3 operating costs were slightly higher than Q2 due to higher start-up costs at the Carrizales Norte discovery.
- Cash position of \$12.8 million at the end of Q3 2023.
- Generated positive operating cashflows of \$6.5 million (Q3 2022: \$5.2 million).
- Successfully drilled the Carrizales Norte-2 (CN-2) and Carrizales Norte-3 (CN-3) wells at the Tapir block, resulting in additional production and reserves additions.
- Significant increase in reserves from the Carrizales Norte discovery (CN), adding more than 3.92 MMbbls of 2P reserves.

⁽¹⁾Non-IFRS measures – see “Non-IFRS Measures” section

Post Period End Highlights:

- The Rio Cravo Este-6 well (RCE-6) has been drilled and is currently producing from the Carbonera C7 formation.
- The Oso Pardo-3 well (OP-3) has been drilled and is currently undergoing production testing.
- RCE-7 has reached target depth and is currently being tested. Once on production, the drilling rig will move to RCE-8 which is expected to be on production before year end.
- Oso Pardo-4 (OP-4) has been spud and is currently drilling. It is expected to reach target depth this week.
- In October and November 2023, the Company issued 40,338,307 common shares related to the exercise of warrants, raising cash proceeds of \$4.5 million. At November 1, the Company held \$18.5 million cash as a result of the warrant exercise and operating cash flow. The Company has no further warrants outstanding.



- The Supreme Court of Colombia ruled that royalties are tax deductible. Courts are considering other possible changes to tax regulations which could have positive outcomes for the oil and gas industry.

Outlook:

- Arrow anticipates drilling two additional wells at Rio Cravo Este (RCE) by year-end.
- Arrow plans to drill another development well on the Oso Pardo Block in the Middle Magdalena Basin.
- The preliminary development plan at CN consists of 21 wells, the majority focusing on the Ubaque formation, to fully exploit the thick reservoir. The reservoir pay zone is consistently thick (100 feet) across the fault bounded structure. C7 and Gacheta targeted wells will also be part of the overall development plan at CN.
- In 2024 the Company plans to have a \$40 million capital program including 15 wells. The majority of drilling will be focused on the Carrizales Norte discovery and will include three horizontal wells. Low risk step-out and exploration wells are also planned at the Mateguafa Attic and Baquiano prospects. The 2024 capital program will be self-funded by a combination of cash flow from operations and cash reserves.

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

“Arrow continues to grow, recording its strongest quarter to date. The 2023 drilling program, including the CN discovery, added significant production and reserves to the Company and established a new core area. Additional low risk prospects have been identified using our recently acquired 3D seismic data. The Company plans to increase operational tempo in aggressively developing the Carrizale, Ubaque and C7 discoveries while simultaneously drilling low risk exploration wells along proven fault fairways. The Board remains confident in the Arrow team to execute on an aggressive exploitation campaign pursuing our opportunity rich portfolio and getting shareholder value to the next level.”

FINANCIAL AND OPERATING HIGHLIGHTS

| (in United States dollars, except as otherwise noted) | Three months ended September 30, 2023 | Nine months ended September 30, 2023 | Three months ended September 30, 2022 |
|--|--|---|--|
| Total natural gas and crude oil revenues, net of royalties | 13,990,353 | 31,263,494 | 7,614,336 |
| Funds flow from operations ⁽¹⁾ | 8,690,907 | 16,209,551 | 4,606,124 |
| Funds flow from operations ⁽¹⁾ per share – | | | |
| Basic(\$) | 0.04 | 0.07 | 0.02 |
| Diluted (\$) | 0.03 | 0.05 | 0.00 |
| Net income | 7,153,120 | 9,385,440 | 2,041,955 |
| Net income per share – | | | |
| Basic (\$) | 0.03 | 0.04 | 0.01 |
| Diluted (\$) | 0.02 | 0.03 | 0.01 |
| Adjusted EBITDA ⁽¹⁾ | 9,826,997 | 20,024,747 | 4,664,345 |
| Weighted average shares outstanding – | | | |
| Basic | 237,919,872 | 230,537,774 | 215,967,143 |



| | | | |
|---|----------------|----------------|----------------|
| Diluted | 295,875,232 | 295,092,336 | 288,235,624 |
| Common shares end of period | 245,526,041 | 245,526,041 | 215,967,143 |
| Capital expenditures | 5,471,561 | 16,613,512 | 4,836,860 |
| Cash and cash equivalents | 12,891,190 | 12,891,190 | 11,376,702 |
| Current Assets | 18,652,504 | 18,652,504 | 16,870,695 |
| Current liabilities | 13,321,524 | 13,321,524 | 9,478,383 |
| Adjusted working capital ⁽¹⁾ | 10,822,475 | 10,822,475 | 7,392,312 |
| Long-term portion of restricted cash ⁽²⁾ | 637,793 | 637,793 | 598,192 |
| Total assets | 62,755,250 | 62,755,250 | 46,979,258 |
| Operating | | | |
| Natural gas and crude oil production, before royalties | | | |
| Natural gas (Mcf/d) | 2,012 | 2,261 | 1,917 |
| Natural gas liquids (bbl/d) | 4 | 4 | 4 |
| Crude oil (bbl/d) | 2,178 | 1,730 | 1,179 |
| Total (boe/d) | 2,518 | 2,110 | 1,503 |
| Operating netbacks (\$/boe) ⁽¹⁾ | | | |
| Natural gas (\$/Mcf) | \$0.18 | (\$0.11) | \$0.88 |
| Crude oil (\$/bbl) | \$60.62 | \$57.64 | \$73.69 |
| Total (\$/boe) | \$52.67 | \$47.15 | \$56.75 |

⁽¹⁾Non-IFRS measures – see “Non-IFRS Measures” section

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

DISCUSSION OF OPERATING RESULTS

The Company increased its production from new wells at CN which allowed the Company to continue to improve its operating results and EBITDA. There has been a decrease in the Company’s natural gas production in Canada due to natural declines.

Average Production by Property

| Average Production Boe/d | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 |
|--------------------------|--------------|------------|------------|------------|------------|------------|
| Oso Pardo | 93 | 130 | 138 | 115 | 104 | 112 |
| Ombu (Capella) | - | - | 80 | 238 | 215 | 97 |
| Rio Cravo Este (Tapir) | 1,443 | 1,592 | 1,004 | 832 | 860 | 366 |
| Carrizales Norte (Tapir) | 642 | 57 | - | - | - | - |
| Total Colombia | 2,178 | 1,779 | 1,222 | 1,185 | 1,179 | 575 |
| Fir, Alberta | 81 | 77 | 74 | 79 | 82 | 86 |
| Pepper, Alberta | 259 | 313 | 340 | 472 | 242 | 319 |
| TOTAL (Boe/d) | 2,518 | 2,169 | 1,635 | 1,736 | 1,503 | 980 |

For the three months ended September 30, 2023, the Company’s average production was 2,518 boe/d, which consisted of crude oil production in Colombia of 2,178 bbl/d, natural gas production of 2,012 Mcf/d and minor amounts of natural gas liquids from the Company’s Canadian properties. The Company’s Q3 2023 total production was 68% higher than its total production for the same period in 2022.



DISCUSSION OF FINANCIAL RESULTS

During Q3 2023 the Company continued to realize good oil prices, offset by lower gas prices, as summarized below:

| | Three months ended September 30 | | |
|---|------------------------------------|----------------|-------------|
| | 2023 | 2022 | Change |
| Benchmark Prices | | | |
| AECO (C\$/Mcf) | \$2.64 | \$3.83 | (31%) |
| Brent (\$/bbl) | \$92.59 | \$97.81 | (5%) |
| West Texas Intermediate (\$/bbl) | \$77.35 | \$91.65 | (16%) |
| Realized Prices | | | |
| Natural gas, net of transportation (\$/Mcf) | \$1.95 | \$3.16 | (38%) |
| Natural gas liquids (\$/bbl) | \$67.10 | \$82.69 | (19%) |
| Crude oil, net of transportation (\$/bbl) | \$77.63 | \$90.90 | (15%) |
| Corporate average, net of transport (\$/boe)⁽¹⁾ | \$68.80 | \$73.02 | (6%) |

⁽¹⁾Non-IFRS measure

OPERATING NETBACKS

The Company also continued to realize strong oil operating netbacks, as summarized below:

| | Three months ended September 30 | | Nine months ended September 30 | |
|--|------------------------------------|----------------|-----------------------------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Natural Gas (\$/Mcf) | | | | |
| Revenue, net of transportation expense | \$1.95 | \$3.16 | \$2.01 | \$4.05 |
| Royalties | (\$0.05) | (\$0.35) | (\$0.02) | (\$0.64) |
| Operating expenses | (\$1.72) | (\$1.93) | (\$2.10) | (\$2.24) |
| Natural Gas operating netback⁽¹⁾ | \$0.18 | \$0.88 | (\$0.11) | \$1.18 |
| Crude oil (\$/bbl) | | | | |
| Revenue, net of transportation expense | \$77.63 | \$90.90 | \$73.16 | \$91.00 |
| Royalties | (\$9.45) | (\$10.97) | (\$9.02) | (\$10.61) |
| Operating expenses | (\$7.56) | (\$6.24) | (\$6.50) | (\$10.09) |
| Crude Oil operating netback⁽¹⁾ | \$60.62 | \$73.69 | \$57.64 | \$70.30 |
| Corporate (\$/boe) | | | | |
| Revenue, net of transportation expense | \$68.80 | \$73.02 | \$62.14 | \$61.75 |
| Royalties | (\$8.21) | (8.72) | (\$7.40) | (\$7.59) |
| Operating expenses | (\$7.92) | (7.55) | (\$7.59) | (\$11.50) |
| Corporate Operating netback⁽¹⁾ | \$52.67 | \$56.75 | \$47.15 | \$42.66 |

⁽¹⁾Non-IFRS measure



The operating netbacks of the Company remained healthy during 2023 due to several factors, principally the increase in production from its Colombian assets, even factoring in decreased crude oil prices. This was offset by decreases in natural gas prices and operating expenses for natural gas.

During the first nine months of 2023, the Company incurred in \$16 million of capital expenditures, primarily in connection with the drilling of the three RCE and CN wells, civil works completed in Rio Cravo and shooting 125 km² of 3D seismic in the Tapir block to highlight existing leads and prospects for drilling. This acceleration in operational tempo is expected to continue during the remainder of 2023 and into 2024, funded by cash on hand and cashflow.

For further Information, contact:

Arrow Exploration

Marshall Abbott, CEO +1 403 651 5995

Joe McFarlane, CFO +1 403 818 1033

Brookline Public Relations, Inc.

Shauna MacDonald +1 403 538 5645

Canaccord Genuity (Nominated Advisor and Joint Broker)

Henry Fitzgerald-O'Connor +44 (0)20 7523 8000

James Asensio

Gordon Hamilton

Auctus Advisors (Joint Broker)

Jonathan Wright +44 (0)7711 627449

Rupert Holdsworth Hunt

Camarco (Financial PR)

Andrew Turner +44 (0)20 3781 8331

Rebecca Waterworth

Kirsty Duff

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. 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. 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

MMbbls: Million of barrels

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.

