

NOT FOR RELEASE, DISTRIBUTION, PUBLICATION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN OR INTO OR FROM THE UNITED STATES, AUSTRALIA, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE TO DO SO MIGHT CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION.



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 (\$)		0.00

	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%
<i>(1)Non-IFRS measure</i>			

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.

For further information, contact:

Arrow Exploration

Marshall Abbott, CEO +1 403 651 5995
Joe McFarlane, CFO +1 403 818 1033

Brookline Public Relations, Inc.

Sauna 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)

Georgia Edmonds

+44 (0)20 3781 8331

Rebecca Waterworth

Billy Clegg

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.

ARROW EXPLORATION CORP.

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2023 AND 2022
IN UNITED STATES DOLLARS
(UNAUDITED)**

**Notice of No Auditor Review of the Interim Condensed Consolidated Financial
Statements
as at and for the three months ended March 31, 2023**

Under National Instrument 51-102, Part 4, subsection 4.3 (3)(a), if an auditor has not performed a review of the interim condensed consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**Arrow Exploration Corp.
Interim Condensed Consolidated Statements of Financial Position
In United States Dollars
(Unaudited)**

As at	Notes	March 31, 2023	December 31, 2022
ASSETS			
Current assets			
Cash		\$ 12,354,424	\$ 13,060,968
Restricted cash and deposits	3	219,352	210,654
Trade and other receivables	4	863,345	2,568,290
Taxes receivable	5	1,403,546	801,177
Deposits and prepaid expenses		271,071	157,459
Inventory		823,475	705,677
		15,935,213	17,504,225
Non-current assets			
Deferred income taxes		872,286	872,286
Restricted cash and deposits	3	611,696	608,127
Exploration and evaluation	6	972,692	-
Property and equipment	7	35,328,057	34,205,610
Total Assets		\$ 53,719,944	\$ 53,190,248
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 3,356,144	\$ 5,850,823
Lease obligation	9	42,513	41,434
Promissory note	8	1,958,603	1,899,294
Derivative liability	11	6,705,966	9,540,423
Income taxes		1,252,273	1,488,916
		13,315,499	18,820,890
Non-current liabilities			
Lease obligations	9	11,307	22,317
Other liabilities		80,484	80,484
Deferred income taxes	14	5,066,684	5,066,684
Decommissioning liability	10	3,610,359	3,303,301
Total liabilities		22,084,333	27,293,676
Shareholders' equity			
Share capital	12	60,446,219	57,810,735
Contributed surplus		1,702,731	1,570,491
Deficit		(29,849,547)	(32,839,282)
Accumulated other comprehensive loss		(663,792)	(645,372)
Total shareholders' equity		31,635,611	25,896,572
Total liabilities and shareholders' equity		\$ 53,719,944	\$ 53,190,248
Commitments and contingencies (Note 13)			

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

On behalf of the Board:

signed "Gage Jull" Director
Gage Jull

signed "Anthony Zaidi" Director
Anthony Zaidi

Arrow Exploration Corp.
Interim Condensed Consolidated Statements of Operations and Comprehensive Loss
In United States Dollars
(Unaudited)

For the three months ended March 31,	Notes	2023	2022
Revenue			
Oil and natural gas	15	\$ 7,964,857	\$ 3,911,329
Royalties		(971,997)	(508,366)
Total oil and natural gas revenue, net of royalties		6,992,860	3,402,963
Expenses			
Operating		1,117,590	1,438,482

Administrative		1,618,748	1,353,106
Listing costs		722	31,365
Share based payments	12	132,240	62,919
Financing costs:			
Accretion	10	29,156	44,331
Interest	8	60,887	120,778
Other		45,682	109,048
(Gain) loss on derivative liability	11	(1,354,275)	4,787,835
Foreign exchange loss (gain)		(40,816)	25,835
Depletion and depreciation	7	2,454,364	869,239
Other income		(61,173)	(8,110)
		4,003,125	8,834,828
Net income (loss)		2,989,735	(5,431,865)
Other comprehensive (loss) income:			
Foreign exchange		(18,420)	44,652
Total other comprehensive income (loss)		(18,420)	44,652
Total comprehensive income (loss)		2,971,315	\$ (5,387,213)
Net income (loss) per share:			
Basic		\$ 0.01	\$ (0.03)
Diluted		\$ 0.01	\$ (0.02)
Weighted average shares outstanding:			
Basic		222,717,847	213,577,686
Diluted		288,639,348	250,941,120

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Arrow Exploration Corp.

Interim Condensed Statements of Changes in Shareholders' Equity

In United States Dollars

(Unaudited)

	Share Capital	Contributed Surplus	Accumulated other comprehensive loss	Deficit	Total Equity
Balance January 1, 2023	\$ 57,810,735	\$ 1,570,491	\$ (645,372)	\$ (32,839,282)	\$ 25,896,572
Issuances of common shares, net	2,635,484	-	-	-	2,635,484
Net income for the period	-	-	-	2,989,735	2,989,735
Comprehensive loss for the period	-	-	(18,420)	-	(18,420)
Share-based compensation	-	132,240	-	-	132,240
Balance March 31, 2023	\$ 60,446,219	\$ 1,702,731	\$ (663,792)	\$ (29,849,547)	\$ 31,635,611

	Share Capital	Contributed Surplus	Accumulated other comprehensive loss	Deficit	Total Equity
Balance January 1, 2022	\$ 56,698,237	\$ 1,249,418	\$ (803,736)	\$ (33,185,806)	\$ 23,958,113
Subscription of common shares, net	6,489	-	-	-	6,489
Options settled in cash	-	(6,622)	-	-	(6,622)
Net loss for the period	-	-	-	(5,431,865)	(5,431,865)
Comprehensive income for the period	-	-	44,652	-	44,652
Share-based compensation	-	62,919	-	-	62,919
Balance March 31, 2022	\$ 56,704,726	\$ 1,305,715	\$ (759,084)	\$ (38,617,671)	\$ 18,633,686

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

Arrow Exploration Corp.

Interim Condensed Consolidated Statements of Cash Flows

In United States Dollars

(Unaudited)

For the three months ended March 31,	2023	2022
Cash flows provided by (used in) operating activities		
Net income (loss)	\$ 2,989,735	\$ (5,431,865)
Items not involving cash:		
Share based payment	132,240	62,919
Depletion and depreciation	2,454,364	869,239
Interest on leases	1,596	2,158
Interest on promissory note, net of forgiveness	60,887	118,620
Accretion	29,156	44,331
Foreign exchange gain	(73,101)	(50,351)
(Gain) loss on derivative liability	(1,354,275)	4,787,835
Payment of asset decommissioning obligations	-	(89,933)
Changes in non cash working capital balances:		
Restricted cash	(12,266)	-
Trade and other receivables	1,704,944	(165,185)
Taxes receivable	(602,369)	(307,563)
Deposits and prepaid expenses	(113,612)	(92,688)
Inventory	(117,798)	(78,317)
Accounts payable and accrued liabilities	(2,482,665)	233,092
Income tax payable	(236,642)	-
Cash provided by (used in) operating activities	2,380,195	(97,708)
Cash flows used in investing activities		
Additions to exploration and evaluation assets	(972,692)	-
Additions to property and equipment	(3,299,001)	(725,665)
Changes in non-cash working capital	(11,916)	(1,225,935)
Cash flows used in investing activities	(4,283,609)	(1,951,600)
Cash flows provided by (used in) financing activities		
Issuance of common shares	1,147,827	6,489
Lease payments	(11,586)	(9,186)
Cash flows provided by (used in) financing activities	1,136,241	(2,697)
Effect of changes in the exchange rate on cash	60,628	140,694
Decrease in cash	(706,545)	(1,911,311)
Cash, beginning of period	13,060,969	10,878,508
Cash, end of period	12,354,424	8,967,197
Supplemental information		
Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

1. Corporate Information

Arrow Exploration Corp. ("Arrow" or "the Company") is a public junior oil and gas company engaged in the acquisition, exploration and development of oil and gas properties in Colombia and in Western Canada. The Company's shares trade on the TSX Venture Exchange and the AIM Market of the London Stock Exchange plc under the symbol AXL. The head office of Arrow is located at 550, 333 - 11th Ave SW, Calgary, Alberta, Canada, T2R 1L9 and the registered office is located at 1600, 421 - 7th Avenue SW, Calgary, Alberta, Canada, T2P 4K9.

2. Basis of Presentation

Statement of compliance

These interim condensed consolidated financial statements (the "Financial Statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. These Financial Statements were authorized for issue by the board of directors of the Company on May 29, 2023. They do not contain all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements and, accordingly, should be read in conjunction with the audited consolidated financial statements as at December 31, 2022.

These Financial Statements have been prepared on the historical cost basis, except for financial assets and liabilities recorded in accordance with IFRS 9. The Financial Statements have been prepared using the same accounting policies and methods as the consolidated financial statements for the year ended December 31, 2022, except for the adoption of new accounting standards effective January 1, 2023. In preparing these condensed consolidated financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2022.

Adoption of New Accounting Standards

The Company adopted amendments published by IASB to IAS *Changes in Estimates vs Changes in Accounting Policies* and to IAS *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements*. These amendments were adopted by the Company from January 1, 2023 but they did not have a material impact on the Consolidated Financial Statements.

3. Restricted Cash and deposits

	March 31, 2023	December 31, 2022
Colombia (i)	\$ 257,160	\$ 248,462
Canada (ii)	573,888	570,319
Sub-total	831,048	818,781
Long-term portion	(611,696)	(608,127)
Current portion of restricted cash and deposits	\$ 219,352	\$ 210,654

(i) Balance comprised of deposits held as collateral to guarantee abandonment expenditures in the Tapir and Santa Isabel blocks.

(ii) Pursuant to Alberta government regulations, the Company was required to keep a \$317,123 (CAD \$429,182; 2022: \$424,398) deposit for the Company's liability rating management ("LMR"), which is held by a bank with interest paid to the Company. The remaining \$256,765 pertain to commercial deposits with customers, lease and other deposits held in Canada.

4. Trade and other receivables

	March 31, 2023	December 31, 2022
Trade receivables, net of advances	\$ 198,531	\$ 847,432
Other accounts receivable	664,814	1,720,858
	<u>\$ 863,345</u>	<u>\$ 2,568,290</u>

As at December 31, 2022, other accounts receivable included a \$1,070,825 receivable from a partner in the Tapir block and corresponds to reimbursable capital expenditures incurred on the Tapir block.

5. Taxes receivable

	March 31, 2023	December 31, 2022
Value-added tax (VAT) credits recoverable	\$ 643,469	\$ -
Income tax withholdings and advances, net	760,077	801,177
	<u>\$ 1,403,546</u>	<u>\$ 801,177</u>

The VAT recoverable balance pertains to non-compensated value-added tax credits originated in Colombia as operational and capital expenditures are incurred. The Company is entitled to compensate or claim for the reimbursement of these VAT credits.

6. Exploration and Evaluation

	March 31, 2023	December 31, 2022
Balance, beginning of the period	\$ -	\$ 6,964,506
Additions, net	972,692	-
Reclassification to Property and Equipment	-	(6,964,506)
Balance, end of the period	<u>\$ 972,692</u>	<u>\$ -</u>

7. Property and Equipment

Cost	Oil and Gas Properties	Right of Use and Other Assets	Total
Balance, December 31, 2021	\$ 32,160,917	\$ 183,485	\$ 32,344,402
Additions	7,663,062	50,671	7,713,733
Transfers from exploration and evaluation assets	6,964,506	-	6,964,506
Decommissioning adjustment	756,541	-	756,541
Balance, December 31, 2022	\$ 47,545,026	\$ 234,156	\$ 47,779,182
Additions	3,299,001	-	3,299,001
Decommissioning adjustment	277,309	-	277,309
Balance, December 31, 2023	\$ 51,121,336	\$ 234,156	\$ 51,355,492

Accumulated depletion and depreciation and impairment

Balance, December 31, 2021	\$ 16,692,145	\$ 114,965	\$ 16,807,110
Depletion and depreciation	5,482,218	46,271	5,528,489
Reversals net of impairment loss	(9,020,654)	-	(9,020,654)
Balance, December 31, 2022	\$ 13,153,709	\$ 161,236	\$ 13,314,945

	2023	2022	2021
Depletion and depreciation	2,441,790	12,573	2,454,363
Balance, December 31, 2023	\$ 15,595,499	\$ 173,809	\$ 15,769,308
Foreign exchange			
Balance December 31, 2021	\$ 318,617	\$ (3,457)	\$ 315,160
Effects of movements in foreign exchange rates	(568,525)	(5,262)	(573,787)
Balance December 31, 2022	\$ (249,908)	\$ (8,719)	\$ (258,627)
Effects of movements in foreign exchange rates	448	52	500
Balance, December 31, 2023	\$ (249,460)	\$ (8,667)	\$ (258,127)

Net Book Value

Balance December 31, 2022	\$ 34,141,409	\$ 64,201	\$ 34,205,610
Balance, December 31, 2023	\$ 35,276,377	\$ 51,680	\$ 35,328,057

Effective February 9, 2023, the Agencia Nacional de Hidrocarburos ("ANH") approved the suspension of the obligations and operations of the OMBU contract due to *force majeure* circumstances generated by the blockades and social unrest around the Capella field. The suspension is for an initial term of three months and the Company, together with its partner and the ANH, is monitoring this suspension to define next steps.

8. Promissory Note

The promissory note was issued to Canacol Energy Ltd. ("Canacol"), a related party to the Company, as partial consideration in the acquisition of Carrao Energy S.A. from Canacol. The promissory note bears interest at 15% per annum, and, on October 18, 2021, Arrow and Canacol entered into a Seventh Amended and Restated Promissory Note agreement with a current balance payable of \$ 1,958,603 as at March 31, 2023 which shall be paid no later than June 30, 2023. The Company has granted a general security interest to Canacol for the obligations under the Promissory Note.

9. Lease Obligations

A reconciliation of the discounted lease obligation is set forth below:

	2023	2022
Obligation, beginning of the period	\$ 63,751	\$ 54,692
Changes in existing lease	-	44,701
Lease payments	(11,586)	(39,697)
Interest	1,596	9,696
Effects of movements in foreign exchange rates	59	(5,641)
Obligation, end of the period	\$ 53,820	\$ 63,751
Current portion	(42,513)	(41,434)
Long-term portion	11,307	22,317

As at March 31, 2023, the Company has the following future lease obligations:

Less than one year	\$ 45,982
2 - 5 years	11,495
Total lease payments	57,477
Amounts representing interest over the term	(3,657)
Present value of the net obligation	\$ 53,820

10. Decommissioning Liability

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the obligation associated with the decommissioning of oil and gas properties.

	March 31, 2023	December 31, 2022
Obligation, beginning of the period	\$ 3,303,301	\$ 2,470,239
Change in estimated cash flows	277,309	756,541
Payments or settlements	-	(76,131)
Accretion expense	29,156	199,521
Effects of movements in foreign exchange rates	593	(46,869)

Obligation, end of the period	<u>\$ 3,610,359</u>	<u>\$ 3,303,301</u>
-------------------------------	---------------------	---------------------

The obligation was calculated using a risk-free discount rate range of 2.50% to 3.75% in Canada (2022: 2.50% to 3.75%) and between 3.55% and 4.13% in Colombia (2022: 3.55% and 4.13%) with an inflation rate of 3.0% and 3.5%, respectively (2022: 3.0% and 3.5%). The majority of costs are expected to occur between 2023 and 2033. The undiscounted amount of cash flows, required over the estimated reserve life of the underlying assets, to settle the obligation, adjusted for inflation, is estimated at \$5,006,281 (2022: \$4,480,074).

11. Derivative liability

Derivative liability includes warrants issued and outstanding as follows:

	March 31, 2023		December 31, 2022	
Warrants	Number	Amounts	Number	Amounts
Balance beginning of the period	67,837,418	\$ 9,540,423	72,474,706	\$ 4,692,303
Exercised	(10,577,910)	(1,487,657)	(4,637,288)	(598,509)
Fair value adjustment	-	(1,354,275)	-	5,974,674
Foreign exchange	-	7,475	-	(528,045)
Balance end of the period	57,259,508	\$ 6,705,966	67,837,418	\$ 9,540,423

Each warrant is exercisable at £0.09 per new common share for 24 months from the issuance date and are measured at fair value quarterly using the Black-Scholes options pricing model. The fair value of warrants at March 31, 2023 and December 31, 2022 was estimated using the following assumptions:

	March 31, 2023	December 31, 2022
Number outstanding re-valued warrants	57,259,508	67,837,418
Fair value of warrants outstanding	£0.0948	£0.1157
Risk free interest rate	3.75%	3.41%
Expected life	0.65 years	0.82 years
Expected volatility	138%	147%

The following table summarizes the warrants outstanding and exercisable at March 31, 2023:

Number of warrants	Exercise price	Expiry date
56,606,859	£0.09	October 24, 2023
652,649	£0.09	November 22, 2023
57,259,508		

12. Share Capital

(a) Authorized: Unlimited number of common shares without par value

(b) Issued:

	March 31, 2023		December 31, 2022	
Common shares	Shares	Amounts	Shares	Amounts
Balance beginning of the year	218,401,931	57,810,735	213,389,643	56,698,237
Issued from warrants exercised	10,577,910	2,635,483	4,637,288	1,094,574
Issued from options exercised	-	-	375,000	17,924
Balance at end of the period	228,979,841	60,446,219	218,401,931	57,810,735

(c) Stock options:

The Company has a stock option plan that provides for the issuance to its directors, officers, employees and consultants options to purchase a number of non-transferable common shares not exceeding 10% of the common shares that are outstanding. The exercise price is based on the closing price of the Company's common shares on the day prior to the day of the grant. A summary of the status of the Company stock option plan as at March 31, 2023 and December 31, 2022 and changes during the respective periods ended on those dates is presented below:

Stock Options	March 31, 2023		December 31, 2022	
	Number of options	Weighted average exercise Price (CAD \$)	Number of options	Weighted average exercise price (CAD \$)
Beginning of period	20,590,000	\$0.24	17,114,000	\$0.18
Granted	650,000	\$0.32	10,028,332	\$0.27
Expired/Forfeited	(1,375,000)	\$0.46	(2,794,000)	\$0.12
Exercised	-	-	(3,758,332)	\$0.11
End of period	19,865,000	\$0.23	20,590,000	\$0.24
Exercisable, end of period	3,420,000	\$0.31	3,395,000	\$0.42

Date of Grant	Number Outstanding	Exercise Price (CAD \$)	Weighted Average Remaining Contractual Life	Date of Expiry	Number Exercisable March 31, 2023
October 22, 2018	750,000	\$1.15		Oct. 22, 2028	750,000
May 3, 2019	270,000	\$0.31		May 3, 2029	270,000
March 20, 2020	1,200,000	\$0.05		March 20, 2030	1,200,000
April 13, 2020	2,000,000	\$0.05		April 13, 2030	1,200,000
December 13, 2021	2,983,332	\$0.13		June 13, 2024	-
December 13, 2021	2,983,336	\$0.13		June 13, 2025	-
June 9, 2022	766,665	\$0.28		December 9, 2023	-
June 9, 2022	766,667	\$0.28		December 9, 2024	-
June 9, 2022	766,668	\$0.28		December 9, 2025	-
September 7, 2022	416,666	\$0.26		March 7, 2024	-
September 7, 2022	416,666	\$0.26		March 7, 2025	-
September 7, 2022	416,668	\$0.26		March 7, 2026	-
December 21, 2022	1,826,110	\$0.28		June 13, 2023	-
December 21, 2022	1,826,110	\$0.28		June 13, 2024	-
December 21, 2022	1,826,112	\$0.28		June 13, 2025	-
January 23, 2023	216,667	\$0.32		July 23, 2024	-
January 23, 2023	216,667	\$0.32		July 23, 2025	-
January 23, 2023	216,666	\$0.32		July 23, 2026	-
Total	19,865,000	\$0.23	2.94 years		3,420,000

The Company recognized \$132,240 as share-based compensation expense (2022 - recovery of \$62,919) for the three months ended March 31, 2023, with a corresponding effect in the contributed surplus account.

13. Commitments and Contingencies

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 of \$17.8 million as at March 31, 2023. The Company have made applications to cancel its commitments on the COR-39, Macaya and Los Picachos blocks.

Block	Less than 1 year	1-3 years	Thereafter	Total
COR-39	-	12,000,000	-	12,000,000
Los Picachos	-	1,970,000	-	1,970,000
Macaya	-	3,830,000	-	3,830,000
Total	-	17,800,000	-	17,800,000

Contingencies

From time to time, the Company may be involved in litigation or has claims sought against it in the normal course of business operations. Management of the Company is not currently aware of any claims or actions that would materially affect the Company's reported financial position or results from operations. Under the terms of certain agreements and the Company's by-laws the Company indemnifies individuals who have acted at the Company's request to be a director and/or officer of the Company, to the extent permitted by law, against any and all damages, liabilities, costs, charges or expenses suffered by or incurred by the individuals as a result of their service.

Letters of Credit

At March 31, 2023, the Company had obligations under Letters of Credit ("LC's") outstanding totaling \$2.8 million to guarantee work commitments on exploration blocks and other contractual commitments. In the event the Company fails to secure the renewal of the letters of credit underlying the ANH guarantees, or any of them, the ANH could decide to cancel the underlying exploration and production contract for a particular block, as applicable.

Current Outstanding Letters of Credit

Contract	Beneficiary	Issuer	Type	Amount (US \$)	Renewal Date
SANTA ISABEL	ANH	Carrao Energy	Abandonment	\$563,894	April 14, 2024
	ANH	Carrao Energy	Financial Capacity	\$1,672,162	December 31, 2023
CORE - 39	ANH	Carrao Energy	Compliance	\$100,000	June 30, 2023
OMBU	ANH	Carrao Energy	Financial Capacity	\$436,300	April 14, 2024
Total				<u>\$2,772,356</u>	

14. Risk Management

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to commodity price, credit and foreign exchange risks. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

(a) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in commodity prices. Lower commodity prices can also impact the Company's ability to raise capital. Commodity prices for crude oil are impacted by world economic events that dictate the levels of supply and demand. From time to time the Company may attempt to mitigate commodity price risk through the use of financial derivatives. There were no derivative contracts during 2023 and 2022.

(b) Credit Risk

Credit risk reflects the risk of loss if counterparties do not fulfill their contractual obligations. The majority of the Company's account receivable balances relate to petroleum and natural gas sales and balances receivables with partners in areas operated by the Company. The Company's policy is to enter into agreements with customers that are well established and well financed entities in the oil and gas industry such that the level of risk is mitigated.

In Colombia, a significant portion of the sales is with a producing company under an existing sale/offtake agreement with prepayment provisions and priced using the Brent benchmark. The Company's trade account receivables primarily relate to sales of crude oil and natural gas, which are normally collected within 25 days (in Canada) and up to 15 days in advance (in Colombia) of the month of production. Other accounts receivable mainly relate to balances owed by the Company's partner in one of its blocks, and are mainly recoverable through joint billings. The Company has historically not experienced any collection issues with its customers and partners.

(c) Market Risk

Market risk is comprised of two components: foreign currency exchange risk and interest rate risk.

i) Foreign Currency Exchange Risk

The Company operates on an international basis and therefore foreign exchange risk exposures arise from transactions denominated in currencies other than the United States dollar. The Company is exposed to foreign currency fluctuations as it holds cash and incurs expenditures in exploration and evaluation and administrative costs in foreign currencies. The Company incurs expenditures in Canadian dollars, United States dollars and the Colombian peso and is exposed to fluctuations in exchange rates in these currencies. There are no exchange rate contracts in place.

ii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is not currently exposed to interest rate risk as it borrows funds at a fixed coupon rate of 15% on the promissory notes.

(d) Liquidity Risk

Liquidity risk includes the risk that, as a result of the Company's operational liquidity requirements:

- The Company will not have sufficient funds to settle a transaction on the due date;
- The Company will be forced to sell financial assets at a value less than market value;
- or
- The Company may be unable to settle or recover a financial asset.

The Company's approach to managing its liquidity risk is to ensure, within reasonable means, sufficient liquidity to meet its liabilities when due, under both normal and unusual conditions, without incurring unacceptable losses or jeopardizing the Company's business objectives.

The Company prepares annual capital expenditure budgets which are monitored regularly and updated as considered necessary. Petroleum and natural gas production is monitored daily to provide current cash flow estimates and the Company utilizes authorizations for expenditures on projects to manage capital expenditures. Any funding shortfall may be met in a number of ways, including, but not limited to, the issuance of new debt or equity instruments, further expenditure reductions and/or the introduction of joint venture partners.

(e) 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, bank debt (when available), promissory notes and working capital, defined as current assets less current liabilities. 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. Net debt is defined as the principal amount of its outstanding debt, less working capital items. 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 Board of Directors and updates are prepared and reviewed as required. The Company's capital includes the following:

	March 31, 2023	December 31, 2022
Working capital	\$ 2,619,715	\$ (1,316,665)
Derivative liability	6,705,966	9,540,423

\$	9,325,681	\$	8,223,758
----	-----------	----	-----------

15. Segmented Information

The Company has two reportable operating segments: Colombia and Canada. The Company, through its operating segments, is engaged primarily in oil exploration, development and production, and the acquisition of oil and gas properties. The Canada segment is also considered the corporate segment. The following tables show information regarding the Company's segments for the three months ended and as at March 31:

Three months ended March 31, 2023	Colombia	Canada	Total
Revenue:			
Oil Sales	\$ 7,473,836	\$ -	\$ 7,473,836
Natural gas and liquid sales	-	491,021	491,021
Royalties	(929,033)	(42,964)	(971,997)
Expenses	(3,190,316)	(812,809)	(4,003,125)
Net income (loss)	\$ 3,354,487	\$ (364,752)	\$ 2,989,735

As at March 31, 2023	Colombia	Canada	Total
Current assets	\$ 14,119,230	\$ 1,815,983	\$ 15,935,213
Non-current:			
Deferred income taxes	872,286	-	872,286
Restricted cash	37,808	573,888	611,696
Exploration and evaluation	972,692	-	972,692
Property, plant and equipment	30,678,708	4,649,349	35,328,057
Total Assets	\$ 46,680,724	\$ 7,039,220	\$ 53,719,944
Current liabilities	\$ 3,755,781	\$ 9,559,718	\$ 13,315,499
Non-current liabilities:			
Deferred income taxes	5,066,684	-	5,066,684
Other liabilities	80,484	-	80,484
Lease obligation	-	11,307	11,307
Decommissioning liability	2,869,359	741,000	3,610,359
Total liabilities	\$ 13,189,670	\$ 14,104,006	\$ 22,084,333

Three months ended March 31, 2022	Colombia	Canada	Total
Revenue:			
Oil Sales	\$ 2,480,797	\$ -	\$ 2,480,797
Natural gas and liquid sales	-	1,430,532	1,430,532
Royalties	(209,492)	(298,874)	(508,366)
Expenses	(1,616,403)	(7,218,425)	(8,834,828)
Net income (loss)	\$ 654,901	\$ (6,086,767)	\$ (5,431,865)

As at March 31, 2022	Colombia	Canada	Total
Current assets	\$ 5,086,336	\$ 6,452,608	\$ 11,538,944
Non-current:			
Deferred income taxes	-	4,839,785	4,839,785
Restricted cash	53,726	689,007	742,733
Exploration and evaluation	6,954,506	-	6,954,506
Property, plant and equipment	10,120,646	5,707,626	15,828,272
Total Assets	\$ 27,064,998	\$ 12,849,241	\$ 39,914,240
Current liabilities	\$ 986,650	\$ 2,894,356	\$ 3,881,006
Non-current liabilities:			
Long-term debt	-	32,012	32,012
Lease obligation	58,292	-	58,292
Other liabilities	-	177,500	177,500
Deferred income taxes	3,371,935	-	3,371,935
Decommissioning liability	1,863,626	569,298	2,432,924
Promissory note	-	1,718,071	1,718,071
Derivative liability	-	9,608,814	9,608,814
Total liabilities	\$ 6,399,711	\$ 14,880,843	\$ 21,280,554

ARROW EXPLORATION CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS THREE MONTHS ENDED MARCH 31, 2023

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 May 29, 2023 and should be read in conjunction with Arrow's interim condensed (unaudited) consolidated financial statements and related notes as at and for the three months ended March 31, 2023 and 2022. Additional information relating to Arrow, including its annual consolidated financial statements and related notes for the years ended December 31, 2022 and 2021 (the "Annual Financial Statements"), is available under Arrow's profile on www.sedar.com.

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 may be found on SEDAR at www.sedar.com.

Advisory Regarding 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

expressions, in particular, but without limiting the foregoing, this MD&A contains forward-looking statements pertaining to the following: the COVID-19 pandemic and its impact; 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 costless collar structure;; 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; the impact of the COVID-19 pandemic; the financial impact of Arrow's costless collar structure; 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; changes in income tax laws or changes in tax laws and incentive programs; 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 the COVID-19 pandemic; 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; counterparty risk; 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 or cash provided by (used in) operating activities or net income and comprehensive income 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.

Adjusted working capital is calculated as current assets minus current liabilities, excluding non-cash liabilities; funds from operations is calculated as cash flows from (used in) operating activities adjusted to exclude 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 income adjusted for interest, income taxes, depreciation, depletion, amortization and other similar non-recurring or non-cash charges; and net debt (net cash) is defined as the principal amount of its outstanding debt, less working capital items excluding non-cash liabilities.

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 income per share.

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

(in United States dollars)	Three months ended March 31, 2023	Three months ended March 31, 2022
Net income (loss)	2,989,735	(5,431,865)

Add/(subtract):		
Share based payments	132,240	62,919
Financing costs:		
Accretion on decommissioning obligations	29,156	44,331
Interest	60,887	120,778
Other	45,682	109,048
Depreciation and depletion	2,454,364	869,239
Derivative loss	(1,354,275)	4,787,835
Adjusted EBITDA ⁽¹⁾	4,357,790	562,284
Cash flows provided by (used in) operating activities	2,380,195	(97,708)
Minus - Changes in non cash working capital balances:		
Trade and other receivables	(1,704,944)	165,185
Restricted cash	12,266	-
Taxes receivable	602,369	307,563
Deposits and prepaid expenses	113,612	92,688
Inventory	117,798	78,317
Accounts payable and accrued liabilities	2,482,665	(233,092)
Income tax payable	236,642	-
Funds flow from operations ⁽¹⁾	4,240,603	312,951

⁽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 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 within this MD&A

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

The Company

Arrow 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 and the London AIM 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. and Front Range's then wholly-owned subsidiary, 2118295 Alberta Ltd., were amalgamated 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. As at March 31, 2023 the Company held an interest in six oil blocks in Colombia and oil and natural gas leases in seven areas in Canada as follows:

		Gross Acres	Working Interest	Net Acres
COLOMBIA				
Tapir	Operated ¹	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		465,417		227,005
CANADA				
Ansell	Operated	640	100%	640
Fir	Non operated	7,680	32%	2,457
Penhold	Non-operated	480	13%	61
Pepper	Operated	23,680	100%	23,680
Wapiti	Non-operated	1,280	13%	160
Total Canada		33,760		26,998
TOTAL		499,177		254,003

The Company's primary producing assets are located in Colombia in the Tapir, Oso Pardo and Ombu blocks, with natural gas production in Canada at Fir and Pepper, Alberta.

Llanos Basin

Within the Llanos Basin, the Company is engaged in the exploration, development and production of oil within the Tapir block. In the Llanos Basin most oil accumulations are associated with three-way dip closure against NNE-SSW trending normal faults and can have pay within multiple reservoirs. The Tapir block contain large areas not yet covered by 3D seismic, and in Management's opinion offer substantial exploration upside.

¹The Company's interest in the Tapir block is held through a private contract with Petrolco, who holds a 50% participating interest in, and is the named operator of, the Tapir contract with Ecopetrol. The formal assignment to the Company is subject to Ecopetrol's consent. The Company is the *de facto* operator pursuant to certain agreements with Petrolco (details of which are set out in Paragraph 16.13 of the Company's AIM Admission Document dated October 20, 2021).

Middle Magdalena Valley ("MMV") Basin

Oso Pardo Field

The Oso Pardo Field is located in the Santa Isabel Block in the MMV Basin. It is a 100% owned property operated by the Company. The Oso Pardo field is located within a Production Licence covering 672 acres. Three wells have been drilled to date within the licensed area.

Ombu E&P Contract - Capella Conventional Heavy Oil Discovery

The Caguan Basin covers an area of approximately 60,000 km² 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 at the Mirador level. 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 (3.84 net) sections of oil and natural gas rights and 17 gross (4.5 net) producing natural gas wells at Fir. The wells produce raw natural gas into the Cecilia natural gas plant where it is processed.

Pepper, Alberta

The Company holds a 100% operated WI in 37 sections of Montney P&NG rights on its Pepper asset in West Central Alberta. The 6-26-53-23W5M Montney gas well (West Pepper) is tied into the Galloway gas plant for processing. The 3-21-52-22W5M Montney gas well (East Pepper) is currently tied into the Sundance gas plant for processing. The majority of lands have tenure extending into 2025.

Three months ended March 31, 2023 Financial and Operational Highlights

- Arrow recorded \$6,992,960 in revenues, net of royalties, on crude oil sales of 101,951bbls, 350 bbls of natural gas liquids ("NGL's") and 221,296 Mcf of natural gas sales;
- Funds flow from operations of \$4,240,603;
- Net income of \$2,989,735 and adjusted EBITDA was \$4,357,790;

RESULTS OF OPERATIONS

The Company maintained its overall production and continued improving its operations overall. These have allowed the Company to continue improving its balance sheet and its business profile. In early 2023, the Company increased its production in its Tapir block from drilling of the RCE-3 and RCE-4 wells, offset by the current production shut in at its Ombu block. Also, there has been a decrease in the Company's natural gas production in Canada.

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 at 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.

Average Daily Natural Gas and Oil Production and Sales Volumes

	Three months ended March 31	
	2023	2022
Natural Gas (Mcf/d)		
Natural gas production	2,459	4,221
Natural gas sales	2,459	4,221
Realized Contractual Natural Gas Sales	2,459	4,221
Crude Oil (bbl/d)		
Crude oil production	1,222	434
Inventory movements and other	(89)	(61)
Crude Oil Sales	1,133	373
Corporate		
Natural gas production (boe/d)	410	703
Natural gas liquids(bbl/d)	4	6
Crude oil production (bbl/d)	1,222	434
Total production (boe/d)	1,635	1,144
Inventory movements and other (boe/d)	(89)	(61)
Total Corporate Sales (boe/d)	1,546	1,083

During the three months ended March 31, 2023 the majority of production was attributed to Colombia, where most of Company's blocks were producing. In Canada, the Company has two operated and two non-operated properties located in the province of Alberta at Fir, Pepper, Harley and Wapiti.

Natural Gas and Oil Revenues

	Three months ended March 31	
	2023	2022
Natural Gas		
Natural gas revenues	\$ 467,876	\$ 1,386,738
NGL revenues	23,145	43,794
Royalties	(42,964)	(298,874)
Revenues, net of royalties	448,057	1,131,658
Oil		
Oil revenues	\$ 7,473,836	\$ 2,480,797
Royalties	(929,033)	(209,492)
Revenues, net of royalties	6,544,803	2,271,304
Corporate		
Natural gas revenues	\$ 467,876	\$ 1,386,738
NGL revenues	23,145	43,794
Oil revenues	7,473,836	2,480,797
Total revenues	7,964,857	3,911,329
Royalties	(971,997)	(508,367)
Natural gas and crude oil revenues, net of royalties, as reported	\$ 6,992,860	\$ 3,402,962

Natural gas and crude oil revenues, net of royalties, for the three months ended March 31, 2023 was \$6,992,860 (2022: \$3,402,962), which represents an increase of 105%. This significant increase is mainly due to increased oil production in Colombia, offset by decrease in production and natural gas prices in Canada.

Average Benchmark and Realized Prices

	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

The Company realized a price of \$57.23 per boe during the three months ended March 31, 2023 (2022: \$40.13) as commodity prices decreased in 2023 compared with 2022.

Operating Expenses

	Three months ended March 31	
	2023	2022
Natural gas & NGL's	517,653	810,845
Crude oil	599,937	627,637
Total operating expenses	1,117,590	1,438,482
Natural gas (\$/Mcf)	\$2.34	\$2.13
Crude oil (\$/bbl)	\$5.88	\$18.69
Corporate (\$/boe)⁽¹⁾	\$8.03	\$14.76

(1) Non-IFRS measure

During the three months ended March 31, 2023, Arrow incurred operating expenses of \$1,117,590 (2022: \$1,438,482), at an average cost of \$8.03 per boe (2022: \$14.76) which is reflective of the Company's increase in production volumes and decrease on a per barrel basis when compared to 2022 levels.

Operating Netbacks

	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 several factors, mostly 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.

General and Administrative Expenses (G&A)

	Three months ended March 31	
	2023	2022
General & administrative expenses	1,752,947	1,373,106
G&A recovered from 3 rd parties	(134,199)	(20,000)
Total G&A	1,618,748	1,353,106
Total G&A per boe	\$11.63	\$37.97

For the three months ended March 31, 2023, G&A expenses before recoveries totaled \$1,752,647 (2022: \$1,373,106), which represents an increase when compared to the same period in 2022. This increase is mainly due to increased in personnel and professional services during 2023, as well as increase in marketing and legal expenses. Despite these increased expenses, and due to the Company's increased production, there is a decrease in G&A expenses on a per barrel basis to \$11.63 p/boe when compared to \$37.97 in 2022.

Share-based Compensation

	Three months ended March 31	
	2023	2022
Share-based Compensation expense	132,240	62,919

Share-based compensation expense for the three months ended March 31, 2023 totaled \$132,240 (2022: \$62,919). During 2023, the Company granted 650,000 options (2022: nil) to its personnel, which was offset by reversal of expenses from cancelled options due to resignations of option holders. The share-based compensation expense is the result of the progressive vesting of the options granted to the Company's employees, plus the effect of cashless exercising, and net of cancellations and forfeitures, according to the company's stock-based compensation plan.

Financing Costs

	Three months ended March 31	
	2023	2022
Financing expense paid or payable	106,570	229,826
Non-cash financing costs	29,156	44,331
Net financing costs	135,726	274,157

The finance expense paid or payable represents mostly interest on the promissory note due to Canacol, as partial payment for the acquisition of Carrao Energy SA and have decreased due to partial payment of the outstanding balance. 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.

Depletion and Depreciation

	Three months ended March 31	
	2023	2022
Depletion and depreciation	2,454,364	869,239

Depletion and depreciation expense for the three months ended March 31, 2023 totaled \$2,454,364 (2022: \$869,239).

The increases is due to increased carrying value of depletable property, plant and equipment and increased production. Company uses the unit of production method and proved plus probable reserves to calculate its depletion and depreciation expense.

(Gain) loss on Derivative Liability

	Three months ended March 31	
	2023	2022
(Gain) Loss on Derivative Liability	(1,354,275)	4,787,835

During the three months ended March 31, 2023, the Company recorded a gain in derivative liability of \$1,354,275 and (2022: loss of \$4,787,835) related to the valuation of its outstanding warrants issued during its AIM listing and private placement completed in 2021. These warrants provide the right to holders to convert them into common shares at a fixed price set in a currency different to the Company's functional currency and, therefore, they are considered a liability and measured at fair value with changes recognized in the statements of operations and comprehensive income.

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 adjusted working capital. 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.

As at March 31, 2023, the Company has an adjusted working capital of \$9,325,680. The Company has continued improving its working capital, using its operational cash flows to continue growing its operations. The overall improvement in energy commodity prices has also positively impacted the Company's capacity to generate sufficient financial resources to sustain its operations and growth.

As at March 31, 2023 the Company's net debt (net cash) was calculated as follows:

	March 31, 2023	
Current assets	\$	15,935,213
Less:		
Accounts payable and accrued liabilities		3,356,144
Promissory Note		1,958,603
Income taxes		1,252,273
Net debt (Net cash) ⁽¹⁾	\$	(9,368,193)

⁽¹⁾Non-IFRS measure

Adjusted Working Capital

As at March 31, 2023 the Company's adjusted working capital was calculated as follows:

	March 31, 2023	
Current assets:		
Cash and restricted cash	\$	12,354,424
Restricted cash and deposits		219,352
Trade and other receivables		863,345
Taxes receivable		1,403,546
Other current assets		1,094,546
Less:		
Accounts payable and accrued liabilities		3,356,144
Lease obligation		42,513
Promissory note		1,958,603
Income tax payable		1,252,273
Adjusted Working capital⁽¹⁾	\$	9,325,681

⁽¹⁾Non-IFRS measure

Debt Capital

As at March 31, 2023, the Company currently has \$1.9 million in outstanding debt in the form of a promissory note payable to Canacol and its final payment is due no later than June 30, 2023.

Letters of Credit

As at March 31, 2023, the Company had obligations under Letters of Credit ("LC's") outstanding totaling \$2.7 million to guarantee work commitments on exploration blocks and other contractual commitments. In the event the Company fails to secure the renewal of the letters of credit underlying the ANH guarantees, or any of them, the ANH could decide to cancel the underlying exploration and production 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
----------	-------------	--------	------	-------------------	--------------

SANTA ISABEL	ANH	Carrao Energy	Abandonment	\$563,894	April 14, 2024
	ANH	Carrao Energy	Financial Capacity	\$1,672,162	December 31, 2023
CORE - 39	ANH	Carrao Energy	Compliance	\$100,000	June 30, 2023
OMBU	ANH	Carrao Energy	Financial Capacity	\$436,300	April 14, 2024
Total				<u>\$2,772,356</u>	

Share Capital

As at March 31, 2023, the Company had 228,979,841 common shares, 57,259,508 warrants and 19,865,000 stock options outstanding.

CONTRACTUAL OBLIGATIONS

The following table provides a summary of the Company's cash requirements to meet its financial liabilities and contractual obligations existing at March 31, 2023:

		Less than 1 year	1-3 years	Thereafter
Promissory Note	\$	1,958,603	-	-
Exploration and production contracts		-	17,800,000	-
	\$	1,958,603	17,800,000	-

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 of \$17.8 million. The Company, in conjunction with its partners, have made applications to cancel its commitments on the COR-39, Macaya and Los Picachos blocks.

SUMMARY OF THREE MONTHS RESULTS

	2023	2022				2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Oil and natural gas sales, net of royalties	6,992,860	8,931,562	7,614,336	5,024,604	3,911,329	3,038,832	1,684,609	941,620
Net income (loss)	2,989,735	2,968,117	2,041,955	768,318	(5,431,865)	6,960,035	(21,782)	(734,317)
Income (loss) per share - basic	0.01	0.01	0.02	0.00	(0.03)	0.04	(0.00)	(0.01)
diluted	0.01	0.01	0.00	0.00	(0.02)	0.04	(0.00)	(0.01)
Working capital (deficit)	2,619,715	(1,316,665)	7,392,310	5,594,027	7,657,938	8,006,074	783,707	3,141,217
Total assets	53,719,944	53,190,248	46,979,259	42,670,153	39,914,240	41,195,798	25,362,323	25,948,551
Net capital expenditures	4,271,693	2,106,463	4,836,860	2,777,611	725,665	1,991,163	148,528	(15,378)
Average daily production (boe/d)	1,635	1,736	1,503	980	1,144	712	575	331

The Company's oil and natural gas sales have increased in 2023 when compared to Q1 2022 due to increased production in its existing assets, improved oil and gas prices and positive fluctuations in realized oil price differentials. The Company's production levels in Colombia have progressively improved 2022. Trends in the Company's net income are also impacted most significantly by operating expenses, financing costs, income taxes, depletion, depreciation and impairment of oil and gas properties, and other income.

OUTSTANDING SHARE DATA

At May 29, 2023, the Company had the following securities issued and outstanding:

	Number	Exercise Price	Expiry Date
Common shares	229,479,841	n/a	n/a
Warrants	56,844,455	GBP 0.09	Oct. and Nov, 2023
Stock options	750,000	CAD\$ 1.15	October 22, 2028
Stock options	270,000	CAD\$ 0.31	May 3, 2029
Stock options	1,200,000	CAD\$ 0.05	March 20, 2030
Stock options	2,000,000	CAD\$ 0.05	April 13, 2030
Stock options	2,983,332	GBP 0.07625	June 13, 2024
Stock options	2,983,336	GBP 0.07625	June 13, 2025
Stock options	766,665	CAD\$0.28	December 9, 2023
Stock options	766,667	CAD\$0.28	December 9, 2024
Stock options	766,668	CAD\$0.28	December 9, 2025
Stock options	416,666	CAD\$0.26	March 7, 2024
Stock options	416,666	CAD\$0.26	March 7, 2025

Stock options	416,668	CAD\$0.26	March 7, 2026
Stock options	1,826,110	GBP 0.1675	June 13, 2023
Stock options	1,826,111	GBP 0.1675	June 13, 2024
Stock options	1,826,111	GBP 0.1675	June 13, 2025
Stock options	216,667	GBP 0.1925	July 23, 2024
Stock options	216,667	GBP 0.1925	July 23, 2025
Stock options	216,666	GBP 0.1925	July 23, 2026

OUTLOOK

During 2022, the Company deployed a portion of the capital raised at the time of the Admission to AIM on a successful two well drilling campaign at Rio Cravo on the Tapir Block. These results, and the subsequent generation of positive cashflows in Q3 and Q4 2022, provide Arrow with the funds required for its \$32 million capital program for 2023, including drilling of 10 wells, seismic acquisition and the development of production facilities.

To date, the Company has already drilled the first four wells of the 2023 budget, three at Rio Cravo and its first Carrizales Norte well, which have added production to the Tapir Block, confirming Arrow's commitment to increase production and shareholder value. The Company is able to support the remaining planned 2023 CAPEX program with current cash on hand and cashflow from operations.

Arrow continues to focus on growth and improving its balance sheet and free cash flow.

CRITICAL ACCOUNTING ESTIMATES

A summary of the Company's critical accounting estimates is contained in Note 3 of the 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

A summary of the Company's significant accounting policies is included in the Annual Financial Statements. These accounting policies are consistent with those of the previous financial year.

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 MD&A for the year ended December 31, 2022 for a description of the financial, business and other risk factors affecting the Company which are available on SEDAR at www.sedar.com

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rs@seg.com or visit www.rs.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

QRFUKUKROVUVUAR