

The following amendments have been made to the 'Q1 2024 Interim Results' announcement released on 30 May 2024 at 07:00 under RNS No 3486Q

The Company quoted the Q1 2022 production figures rather than Q1 2023 figures for the purposes of comparison. This was a typographical error and has been amended as per the below.

The original announcement read "Average corporate production up 139% to 2,730 boe/d (Q1 2023: 1,144 boe/d)." This has been amended to read "Average corporate production up 67% to 2,730 boe/d (Q1 2023: 1,635 boe/d)."

The original announcement read "The Company's Q1 2024 total production was 138% higher than its total production for the same period in 2023." This has been amended to read "The Company's Q1 2024 total production was 67% higher than its total production for the same period in 2023."

The historic Q1 2023 comparison figures in the Operating Highlights table have been updated as follows:

	<u>Amended</u>	<u>Original</u>
	Three months ended March 31, 2023	Three months ended March 31, 2023
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

The original announcement read "AECO (\$/Mcf)". This has been amended to read "AECO (C\$/Mcf)"

All other details remain unchanged.

The full amended text is shown below.

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ARROW ANNOUNCES Q1 2024 INTERIM RESULTS

CALGARY, May 30, 2024 - 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 months ended March 31, 2024 which are available on SEDAR (www.sedar.com) and will also be available shortly on Arrow's website at www.arrowexploration.ca.

Q1 2024 Highlights:

- Recorded \$14.4 million of total oil and natural gas revenue, net of royalties, more than double compared to the same period in 2023 (Q1 2023: \$6.9 million).
- Net income of \$3.2 million (Q1 2023: \$3.0 million).
- Adjusted EBITDA⁽¹⁾ of \$10 million more than double compared to 2023 (Q1 2023: \$4.4 million).
- Average corporate production up 67% to 2,730 boe/d (Q1 2023: 1,635 boe/d).
- Realized corporate oil operating netbacks⁽¹⁾ of \$56.27/bbl.
- Cash position of \$11.6 million at the end of Q1 2024.
- Generated operating cashflows of \$8.6 million (Q1 2023: \$2.4 million).
- Successfully drilled four development Carrizales Norte (CN) wells, resulting in additional production and reserves additions.

⁽¹⁾Non-IFRS measures - see "Non-IFRS Measures" section

Post Period End Highlights:

- Drilled two additional CN development wells.
- Spud the first CN Horizontal well ("CNB HZ-1") from the Carrizales Norte B ("CNB") pad. The Company expects to be able to provide an update on the production figures for CNB HZ-1 in the coming weeks. Subject to successful completion, CNB HZ-1, in conjunction with the other three planned CNB HZ wells, are expected to result in a positive increase in Arrow's production rates.

Outlook:

- Continued monitoring of the drilling of the horizontal wells at Carrizales Norte B pad.
- Completing stimulation efforts at the Oso Pardo-3 and 4 wells in the Middle Magdalena Basin.
- Continuing with the balance of the 2024 capital program, the majority of which will be focused on the Carrizales Norte field 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:

"In Q1 2024, Arrow experienced its strongest quarter to date for production and EBITDA. The Q1 2024 wells drilled, at the Carrizales Norte discovery, explored the extent of the C7 and Ubaque reservoir and gathered further data for the horizontal drilling program. Horizontal wells have been determined as the best way to develop the Ubaque reservoir and are expected to thrust Arrow to the next level for production and stability. The water disposal plan has also made great strides forward with the first disposal well at RCE being brought on production and the CN-4 well's conversion currently waiting on regulatory approval. Management remains confident in the Arrow team to execute on the planned 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 March 31, 2024	Three months ended March 31, 2023
Total natural gas and crude oil revenues, net of royalties	14,404,921	6,992,860
Funds flow from operations ⁽¹⁾	7,210,683	4,240,603
Funds flow from operations ⁽¹⁾ per share -		
Basic(\$)	0.03	0.02
Diluted (\$)	0.02	0.01
Net income	3,176,727	2,989,735
Net income per share -		
Basic (\$)	0.01	0.01
Diluted (\$)	0.01	0.01
Adjusted EBITDA ⁽¹⁾	10,021,140	4,271,726
Weighted average shares outstanding -		
Basic (\$)	285,864,348	222,717,847
Diluted (\$)	292,791,385	288,639,348
Common shares end of period	285,864,348	228,979,841
Capital expenditures	6,281,328	4,271,693
Cash and cash equivalents	11,606,343	12,354,424
Current Assets	20,779,081	15,849,150
Current liabilities	11,258,252	13,315,499
Adjusted working capital ⁽¹⁾	9,520,829	9,325,680
Long-term portion of restricted cash ⁽²⁾	237,814	831,048
Total assets	64,579,940	53,719,944
Operating		
Natural gas and crude oil production, before royalties		
Natural gas (Mcf/d)	1,760	2,459
Natural gas liquids (bbl/d)	4	4
Crude oil (bbl/d)	2,432	1,222
Total (boe/d)	2,730	1,635

Operating netbacks (\$/boe) ⁽¹⁾

Natural gas (\$/Mcf)	(\$0.14)	(\$0.42)
Crude oil (\$/bbl)	\$56.27	\$58.31
Total (\$/boe)	\$50.10	\$42.21

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

⁽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	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Oso Pardo	166	80	93	130	138	115
Ombu (Capella)	-	-	-	-	80	238
Rio Cravo Este (Tapir)	1,644	1,326	1,443	1,592	1,004	832
Carrizales Norte (Tapir)	622	621	642	57	-	-
Total Colombia	2,432	2,027	2,178	1,779	1,222	1,185
Fir, Alberta	78	80	81	77	74	79
Pepper, Alberta	220	228	259	313	340	472
TOTAL (Boe/d)	2,730	2,335	2,518	2,169	1,635	1,736

For the three months ended March 31, 2024, the Company's average production was 2,730 boe/d, which consisted of crude oil production in Colombia of 2,432 bbl/d, natural gas production of 1,760 Mcf/d and minor amounts of natural gas liquids from the Company's Canadian properties. The Company's Q1 2024 total production was 67% higher than its total production for the same period in 2023.

DISCUSSION OF FINANCIAL RESULTS

During Q1 2024 the Company continued to realize good oil prices, offset by lower gas prices, as summarized below:

	Three months ended March 31		
	2024	2023	Change
Benchmark Prices			
AECO (C\$/Mcf)	\$2.55	\$2.43	(5%)
Brent (\$/bbl)	\$84.67	\$79.21	7%
West Texas Intermediate (\$/bbl)	\$76.95	\$76.10	1%
Realized Prices			
Natural gas, net of transportation (\$/Mcf)	\$1.87	\$2.11	(11%)
Natural gas liquids (\$/bbl)	\$66.20	\$66.13	0%
Crude oil, net of transportation (\$/bbl)	\$73.31	\$73.31	0%
Corporate average, net of transport (\$/boe)	\$66.58	\$57.23	16%

⁽¹⁾ Non-IFRS measure

OPERATING NETBACKS

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

	Three months ended March 31	
	2024	2023
Natural Gas (\$/Mcf)		
Revenue, net of transportation expense	\$1.87	\$2.11
Royalties	(\$0.10)	(0.19)
Operating expenses	(\$1.91)	(2.34)
Natural gas operating netback⁽¹⁾	(\$0.14)	(\$0.42)
Crude oil (\$/bbl)		
Revenue, net of transportation expense	\$73.31	\$73.31
Royalties	(\$9.00)	(9.11)
Operating expenses	(\$8.04)	(5.88)
Crude oil operating netback⁽¹⁾	\$56.27	\$58.31
Corporate (\$/boe)		
Revenue, net of transportation expense	\$66.58	\$57.23
Royalties	(\$8.08)	(6.98)
Operating expenses	(\$8.40)	(8.03)
Corporate operating netback⁽¹⁾	\$50.10	\$42.21

⁽¹⁾ Non-IFRS measure

The operating netbacks of the Company remained strong in Q1 2024 due to several factors, principally the increase in production from its Colombian assets and increased crude oil prices. In Canada, decreases in

natural gas prices were offset by reduced operating expenses for natural gas.

During the first three months of 2024, the Company incurred \$6.3 million of capital expenditures, primarily in connection with the drilling of four CN wells and civil works completed in the Baquiano pad in the Tapir block to get it ready for drilling. This accelerated tempo is expected to continue during the remainder of 2024, funded by cash on hand and cashflow.

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About Arrow Exploration Corp.

Arrow Exploration Corp. (operating in Colombia via a branch of its 100% owned subsidiary Carrao Energy S.A.) is a publicly traded company with a portfolio of premier Colombian oil assets that are underexploited, under-explored and offer high potential growth. The Company's business plan is to expand oil production from some of Colombia's most active basins, including the Llanos, Middle Magdalena Valley (MMV) and Putumayo Basin. The asset base is predominantly operated with high working interests, and the Brent-linked light oil pricing exposure combines with low royalties to yield attractive potential operating margins. Arrow's 50% interest in the Tapir Block is contingent on the assignment by Ecopetrol SA of such interest to Arrow. Arrow's seasoned team is led by a hands-on executive team supported by an experienced board. Arrow is listed on the AIM market of the London Stock Exchange and on TSX Venture Exchange under the symbol "AXL".

Forward-looking Statements

This news release contains certain statements or disclosures relating to Arrow that are based on the expectations of its management as well as assumptions made by and information currently available to Arrow which may constitute forward-looking statements or information ("forward-looking statements") under applicable securities laws. All such statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that Arrow anticipates or expects may, could or will occur in the future (in whole or in part) should be considered forward-looking statements. In some cases, forward-looking statements can be identified by the use of the words "continue", "expect", "opportunity", "plan", "potential" and "will" and similar expressions. The forward-looking statements contained in this news release reflect several material factors and expectations and assumptions of Arrow, including without limitation, Arrow's evaluation of the impacts of COVID-19, the potential of Arrow's Colombian and/or Canadian assets (or any of them individually), the prices of oil and/or natural gas, and Arrow's business plan to expand oil and gas production and achieve attractive potential operating margins. Arrow believes the expectations and assumptions reflected in the forward-looking statements are reasonable at this time, but no assurance can be given that these factors, expectations, and assumptions will prove to be correct.

The forward-looking statements included in this news release are not guarantees of future performance and should not be unduly relied upon. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking statements contained in this news release are made as of the date hereof and the Company undertakes no obligations to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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

Glossary

Bbl/d or bop/d: Barrels per day

\$/Bbl: Dollars per barrel

Mcf/d: Thousand cubic feet of gas per day

Mmcf/d: Million cubic feet of gas per day

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

When the units of thousands of feet of gas are used, the word "thousand" is omitted.

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.

ARROW EXPLORATION CORP.

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2024 AND 2023
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, 2024**

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 Consolidated Statements of Financial Position

In United States Dollars

(Unaudited)

As at	Notes	March 31, 2024	December 31, 2023
ASSETS			
Current assets			
Cash		\$ 11,606,342	\$ 12,135,376
Restricted cash and deposits	3	273,274	611,753
Trade and other receivables	4	3,237,382	3,536,936
Taxes receivable	5	4,819,478	4,655,399
Deposits and prepaid expenses		350,365	197,402
Inventory		492,240	492,332
		20,779,081	21,629,198
Non-current assets			
Deferred income taxes		2,157,575	2,031,383
Restricted cash and deposits	3	237,814	243,081
Exploration and evaluation assets	6	578,082	-
Property and equipment	7	40,827,388	38,371,361
Total Assets		\$ 64,579,940	\$ 62,275,023
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 6,698,702	\$ 9,747,906
Lease obligation	8	108,583	103,674
Income taxes		4,450,967	3,108,504
		11,258,252	12,960,084
Non-current liabilities			
Lease obligations	8	193,136	216,919
Other liabilities		345,528	345,528
Deferred income taxes		3,855,953	3,269,894
Decommissioning liability	9	4,282,861	3,973,075
Total liabilities		19,935,730	20,765,500
Shareholders' equity			
Share capital	11	73,829,795	73,829,795
Contributed surplus		2,263,223	2,161,945
Deficit		(30,769,168)	(33,945,895)
Accumulated other comprehensive loss		(679,640)	(536,322)
Total shareholders' equity		44,644,210	41,509,523
Total liabilities and shareholders' equity		\$ 64,579,940	\$ 62,275,023

Commitments and contingencies (Note 12)

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

On behalf of the Board:

signed "Gage Jull" Director

Gage Jull

signed "Ian Langley" Director

Ian Langley

Arrow Exploration Corp.

**Interim Condensed Consolidated Statements of Operations and Comprehensive Income
In United States Dollars
(Unaudited)**

For the three months ended March 31,	Notes	2024	2023
Revenue			
Oil and natural gas	14	\$ 16,393,642	\$ 7,964,857
Royalties	14	(1,988,721)	(971,997)
Total oil and natural gas revenue, net of royalties		14,404,921	6,992,860
Expenses			
Operating		2,069,011	1,117,590
Administrative		2,681,922	1,619,470
Share-based compensation expense	11	101,278	132,240
Financing costs:			
Accretion	9	37,376	29,156
Interest	8	9,769	60,887
Other		199,065	45,682
Foreign exchange (gain) loss		(288,739)	(40,816)
Depletion and depreciation	7	3,531,772	2,454,364
Gain on derivative liability	10	-	(1,354,275)
Other expenses (income)		(78,412)	(61,173)
Total expenses, net		8,263,042	4,003,125
Income before income tax		6,141,879	2,989,735
Income tax expense			
Current	14	2,505,285	-
Deferred	14	459,867	-
		2,965,152	-
Net income		3,176,727	2,989,735
Other comprehensive income (loss)			
Foreign exchange		(143,318)	(18,420)
Total other comprehensive income (loss)		(143,318)	(18,420)
Total comprehensive income		\$ 3,033,409	\$ 2,971,315
Net income per share:			
Basic		\$ 0.01	\$ 0.01
Diluted		\$ 0.01	\$ 0.01
Weighted average shares outstanding			
Basic		285,864,348	222,717,847
Diluted		292,791,385	288,639,348

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

Arrow Exploration Corp.

**Interim Condensed Statements of Changes in Shareholders' Equity
In United States Dollars
(Unaudited)**

(Unaudited)

	Share Capital	Contributed Surplus	Accumulated other comprehensive loss	Deficit	Total Equity
Balance January 1, 2024	\$ 73,829,795	\$ 2,161,945	\$ (536,322)	\$ (33,945,895)	\$ 41,509,523
Net income for the period	-	-	-	3,176,727	3,176,727
Other comprehensive income	-	-	(143,318)	-	(143,318)
Total comprehensive income	-	-	(143,318)	3,176,727	3,033,409
Share-based compensation	-	101,278	-	-	101,278
Balance March 31, 2024	\$ 73,829,795	\$ 2,263,223	\$ (679,640)	\$ (30,769,168)	\$ 44,644,210

	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
Net income for the period	-	-	-	2,989,735	2,989,735
Other comprehensive loss	-	-	(18,420)	-	(18,420)
Total comprehensive income	-	-	(18,420)	2,989,735	2,971,315
Issuances of common shares, net	2,635,484	-	-	-	2,635,484
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

The accompanying notes are an integral part of these 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,	2024	2023
Cash flows provided by operating activities:		
Net income	\$ 3,176,727	\$ 2,989,735
Items not involving cash:		
Deferred taxes	459,867	-
Share-based compensation	11 101,278	132,240
Depletion and depreciation	7 3,531,772	2,454,364
Interest on leases	8 9,769	1,596
Interest on promissory note	-	60,887
Accretion	9 37,376	29,156
Unrealized foreign exchange loss	(35,877)	(73,101)
Gain on derivative liability	10 -	(1,354,275)
Payment of asset decommissioning obligations	9 (70,229)	-
Changes in non cash working capital balances:		
Restricted cash and deposits	343,746	(12,266)
Trade and other receivables	299,554	1,704,944
Taxes receivable	(164,078)	(602,369)
Deposits and prepaid expenses	(152,963)	(113,612)
Inventory	92	(117,798)
Income tax payable	1,342,465	(2,482,665)
Accounts payable and accrued liabilities	(297,211)	(236,642)
Cash provided by operating activities	8,582,288	2,380,195
Cash flows used in investing activities:		
Additions to exploration and evaluation assets	6 (578,082)	(972,692)
Additions to property and equipment	7 (5,703,246)	(3,299,001)
Changes in non-cash working capital	(2,751,994)	(11,916)
Cash flows used in investing activities	(9,033,322)	(4,283,609)

Cash flows provided by (used in) financing activities:

Issuances of common shares	11	-	1,147,827
Lease payments	8	(20,486)	(11,586)
Cash flows provided by (used in) financing activities		(20,486)	1,136,241
Effect of changes in the exchange rate on cash		(57,514)	60,628
(Decrease) increase in cash		(529,034)	(706,545)
Cash, beginning of period		12,135,377	13,060,969
Cash, end of period		11,606,342	12,354,424
Supplemental information			
Interest paid	\$	-	\$ -
Taxes paid	\$	-	\$ -

The accompanying notes are an integral part of these 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 203, 2303 - 4th Street SW, Calgary, Alberta, Canada, T2S 2S7 and the registered office is located at 600, 815 8th Avenue SW, Calgary, Alberta, Canada, T2P 3P2.

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, 2024. 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, 2023.

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, 2023, except for the adoption of new accounting standards effective January 1, 2024. 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, 2023.

Adoption of New Accounting Standards

The Company adopted amendments to IAS 1 Presentation of Financial Statements, issued by the IASB, related to the presentation of liabilities as current or non-current and classification and disclosure of liabilities with covenants. These amendments were adopted by the Company from January 1, 2024 but they did not have a material impact on the interim consolidated financial statements.

3. Restricted Cash and deposits

	March 31, 2024	December 31, 2023
Colombia (i)	\$ 311,082	\$ 312,530
Canada (ii)	200,006	542,304
Sub-total	511,088	854,834
Long-term portion	(237,814)	(243,081)
Current portion of restricted cash and deposits	\$ 273,274	\$ 611,753

(i) This balance is comprised of a deposit held as collateral to guarantee abandonment expenditures related to the Tapir and Santa Isabel blocks.

(ii) During Q1 2024, the Company was able to recover its \$337,031 (CAD \$445,749) deposit related to the Company's liability rating management ("LMR"). This deposit was held by a Canadian chartered bank with interest paid to the Company on a monthly basis based on the bank's deposit rate. The remaining \$200,006 (2023: \$205,273) pertain to commercial deposits with customers, lease and other deposits held in Canada.

4. Trade and other receivables

	March 31, 2024	December 31, 2023
Trade receivables, net of advances	\$ 2,394,419	\$ 2,238,918
Other accounts receivable	842,963	1,298,018
	\$ 3,237,382	\$ 3,536,936

As at March 31, 2024, other accounts receivable include \$680,976 (December 31, 2023 - \$682,197) receivable from on demand loans with executives and directors.

5. Taxes receivable

	March 31, 2024	December 31, 2023
Value-added tax (VAT) credits recoverable	\$ 2,087,691	\$ 1,703,260
Income tax withholdings and advances, net	2,731,787	2,952,139
	\$ 4,819,478	\$ 4,655,399

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, 2024	December 31, 2023
Balance, beginning of the period	\$ -	\$ -
Additions, net	578,082	3,212,808
Reclassification to Property and Equipment (Note 8)	-	(3,212,808)
Balance, end of the period	\$ 578,082	\$ -

During 2023, the Company incurred in geological and geophysical costs in its Carrizales Norte prospect located in its Tapir block, and determined the technical feasibility and commercial viability of these assets, transferring \$3,212,808 to its property and equipment. An impairment test on these assets was prepared and no losses were identified as a result of such tests.

7. Property and Equipment

Cost	Oil and Gas Properties	Right of Use and Other Assets	Total
Balance, December 31, 2022	\$ 47,545,026	\$ 234,156	\$ 47,779,182
Additions	23,907,357	310,061	24,217,418
Dispositions	(111,151)	-	(111,151)
Transfers from exploration and evaluation assets	3,212,808	-	3,212,808
Decommissioning adjustment	738,825	-	738,825
Balance, December 31, 2023	\$ 75,292,865	\$ 544,217	\$ 75,837,082
Additions	5,703,481	-	5,703,481
Decommissioning adjustment	368,679	-	368,679
Balance, March 31, 2024	\$ 81,365,025	\$ 544,217	\$ 81,909,242

Accumulated depletion and depreciation and impairment

Balance, December 31, 2022	\$ 13,153,709	\$ 161,236	\$ 13,314,945
Depletion and depreciation	12,120,871	65,906	12,186,777
Impairment loss of oil and gas properties	11,799,740	-	11,799,740
Balance, December 31, 2023	\$ 37,074,320	\$ 227,142	\$ 37,301,462
Depletion and depreciation	3,503,305	28,267	3,531,772
Balance, March 31, 2024	\$ 40,577,825	\$ 255,409	\$ 40,833,234

Foreign exchange

Balance December 31, 2022	\$ (249,908)	\$ (8,719)	\$ (258,627)
Effects of movements in foreign exchange rates	88,671	5,697	94,368
Balance December 31, 2023	\$ (161,237)	\$ (3,022)	\$ (164,259)
Effects of movements in foreign exchange rates	(76,781)	(7,580)	(84,361)
Balance March 31, 2024	\$ (238,018)	\$ (10,602)	\$ (248,620)

Net Book Value

Balance December 31, 2023	\$ 38,057,308	\$ 314,053	\$ 37,371,361
Balance March 31, 2024	\$ 40,459,183	\$ 278,206	\$ 40,827,388

Canada

As at December 31, 2023, the Company determined there were indicators of impairment in its Canada CGU, mainly due to decreases in forward gas prices and revision of reserves, and prepared estimates of its fair value less costs of disposal of its Canada CGU. It was determined that carrying value of its Canada CGU exceeded its recoverable amount and, therefore, an impairment loss of \$1,248,400 was included in the consolidated statements of operations and comprehensive (loss) income for the three months and year ended December 31, 2023.

Colombia

During 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 was for an initial term of three months and has been extended until August 2024. At December 31, 2023, the Company determined there were indicators of impairment in the Capella CGU based on updates from the operator once access to the field was restored in late 2023 causing uncertainty in timing and resources required to resume operations, as well as the extent of which operations may be able to be resumed. The Company has recorded an impairment loss of \$10,551,340 corresponding to the full carrying value of the Capella CGU as at December 31, 2023.

8. Lease Obligations

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

	2024	2023
Obligation, beginning of the year	320,593	\$ 63,751
Additions	-	302,930
Lease payments	(20,486)	(74,211)
Interest	9,769	22,011
Effects of movements in foreign exchange rates	(8,157)	6,112
Obligation, end of the year	301,719	320,593
Current portion	(108,583)	(103,674)
Long-term portion	193,316	216,919

As at March 31, 2024, the Company has the following future lease obligations:

Less than one year	108,771
2 - 5 years	291,186
Total lease payments	399,957
Amounts representing interest over the term	(98,238)
Present value of the net obligation	301,719

9. 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:

	December 31, 2023	December 31, 2023
Obligation, beginning of the year	3,973,075	\$ 3,303,301
Additions	368,679	1,000,889
Change in estimated cash flows	-	(262,066)
Payments or settlements	(70,229)	(19,545)
Dispositions	-	(191,081)
Accretion expense	37,376	127,478
Effects of movements in foreign exchange rates	(26,040)	14,099
Obligation, end of the year	4,282,861	3,973,075

The obligation was calculated using a risk-free discount rate range of 1.25% to 4.50% in Canada (2023: 1.25% to 4.50%) and between 4.00% and 4.29% in Colombia (2022: 4.00% and 4.29%) with an inflation rate of 2.5% and 2.6%, respectively (2023: 2.5% and 2.6%). The majority of costs are expected to occur between 2024 and 2038.

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 \$6,092,913 (2023: \$5,686,938).

10. Derivative liability

Derivative liability includes warrants issued and outstanding as follows:

	March 31, 2024		December 31, 2023	
Warrants	Number	Amounts	Number	Amounts
Balance beginning of the period	-	\$ -	67,837,418	\$ 9,540,423
Exercised	-	-	(67,462,418)	(8,539,257)
Expired	-	-	(375,000)	(50,589)
Fair value adjustment	-	-	-	(1,041,992)
Foreign exchange	-	-	-	91,415
Balance end of the period	-	\$ -	-	\$ -

There are no warrants outstanding nor exercisable at March 31, 2024 or December 31, 2023.

11. Share Capital

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

(b) Issued:

	March 31, 2024		December 31, 2023	
Common shares	Shares	Amounts	Shares	Amounts
Balance beginning of the period	285,864,348	73,829,795	218,401,931	57,810,735
Issued from warrants exercised	-	-	67,462,417	16,019,060
Balance at end of the period	285,864,348	73,829,795	285,864,348	73,829,795

(b) 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 Company stock option plan as at March 31, 2024 and December 31, 2023 and changes during the periods ended on those dates is presented below:

Stock Options	March 31, 2024		December 31, 2023	
	Number of options	Weighted average exercise price (CAD \$)	Number of options	Weighted average exercise price (CAD \$)
Beginning of period	20,531,668	\$0.24	20,590,000	\$0.18
Granted	-	-	1,650,000	\$0.27
Expired/Forfeited	-	-	(1,375,000)	\$0.12
Exercised	3,177,221	\$18.32	(333,332)	\$0.11
End of period	17,354,447	\$0.24	20,531,668	\$0.24
Exercisable, end of period	6,918,887	\$0.25	9,879,441	\$0.42

Date of Grant	Number Outstanding	Exercise Price (CAD \$)	Weighted Average Remaining Contractual Life	Date of Expiry	Number Exercisable March 31, 2024
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		Mar. 20, 2030	1,200,000
April 13, 2020	1,200,000	\$0.05		April 13, 2030	1,200,000
December 13, 2021	5,150,002	\$0.13		June 13, 2024 and 2025	2,166,666
June 9, 2022	1,533,335	\$0.28		Dec. 9, 2023, 2024 and 2025	-
September 7, 2022	833,334	\$0.26		Mar. 7, 2024, 2025 and 2026	-
December 21, 2022	4,951,110	\$0.28		June 21, 2024, 2025 and 2026	1,298,888
January 23, 2023	466,666	\$0.32		July 23, 2024, 2025 and 2026	33,333
September 21, 2023	1,000,000	\$0.33		Mar. 21, 2025, 2026 and 2027	-
Total	17,354,447	\$0.23	2.05 years		6,918,887

During the three months ended March 31, 2024, the Company recognized \$101,278 (2023: \$132,240) as share-based compensation expense, with a corresponding effect in the contributed surplus account.

12. 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 at March 31, 2024 of \$12 million. The Company has made an application to the ANH to mutually cancel its COR-39 contract. Presented below are the Company's exploration and production contractual commitments at December 31, 2023:

Block	Less than 1 year	1-3 years	Thereafter	Total
COR-39	-	12,000,000	-	12,000,000
Total	-	12,000,000	-	12,000,000

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, 2024, 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

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, 2025
	ANH	Carrao Energy	Financial Capacity	\$1,672,162	June 30, 2024
CORE - 39	ANH	Carrao Energy	Compliance	\$100,000	June 30, 2024
OMBU	ANH	Carrao Energy	Financial Capacity	\$436,300	October 14, 2024
Total				<u>\$2,772,356</u>	

13. 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. There were no derivative contracts during 2024 and 2023.

(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. 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 and a commodities trader under existing sale/offtake agreements 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 Colombia) after 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, British Pounds 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.

(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 which is less than what they are worth; 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. 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 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. The Company prepares annual budgets, which are updated as necessary 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. The Company's capital includes the following:

	March 31, 2024	December 31, 2023
Working capital	\$ 9,520,829	\$ 8,669,114

14. 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, 2024	Colombia	Canada	Total
Revenue:			
Oil Sales	\$ 16,067,291	\$ -	\$ 16,067,291
Natural gas and liquid sales	-	326,351	326,351
Royalties	(1,972,379)	(16,342)	(1,988,721)
Expenses	(5,586,708)	(2,676,335)	(8,263,042)
Income taxes	(2,965,152)	-	(2,965,152)
Net income (loss)	\$ 5,543,052	\$ (2,366,326)	\$ 3,176,727

As at March 31, 2024	Colombia	Canada	Total
Current assets	\$ 17,668,035	\$ 3,111,046	\$ 20,779,081
Non-current:			
Deferred income taxes	2,157,575	-	2,157,575
Restricted cash	37,808	200,006	237,814
Exploration and evaluation	578,082	-	578,082
Property, plant and equipment	38,083,385	2,744,003	40,827,388
Total Assets	\$ 58,524,885	\$ 6,055,055	\$ 64,579,940
Current liabilities	\$ 9,414,634	\$ 1,843,618	\$ 11,258,252
Non-current liabilities:			
Deferred income taxes	3,855,953	-	3,855,953
Other liabilities	345,528	-	345,528
Lease obligation	-	193,136	193,136
Decommissioning liability	3,708,821	574,040	4,282,861
Total liabilities	\$ 17,234,936	\$ 2,610,794	\$ 19,935,730

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

ARROW EXPLORATION CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED MARCH 31, 2024

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, 2024 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, 2024 and 2023. Additional information relating to Arrow, including its annual consolidated financial statements and related notes for the year ended December 31, 2023 and 2022 (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 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 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 provided by 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, 2024	Three months ended March 31, 2023
Net income	3,176,727	2,989,735
Add/(subtract):		
Share based payments	101,278	132,240
Financing costs:		
Accretion on decommissioning obligations	37,376	29,156
Interest	9,769	60,887
Other	199,065	45,682
Depreciation and depletion	3,531,772	2,454,364
Derivative loss	-	(1,354,275)
Income tax expense	2,965,152	-
Adjusted EBITDA ⁽¹⁾	10,021,139	4,357,790
Cash flows provided by operating activities	8,582,288	2,380,195
Minus - Changes in non cash working capital balances:		
Trade and other receivables	(299,554)	(1,704,944)
Restricted cash	(343,746)	12,266
Taxes receivable	164,078	602,369
Deposits and prepaid expenses	152,963	113,612
Inventory	(92)	117,798
Accounts payable and accrued liabilities	297,211	2,482,665
Income tax payable	(1,342,465)	236,642
Funds flow from operations ⁽¹⁾	7,210,683	4,240,603

⁽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 barrel of oil equivalent is a unit of energy, not a unit of volume. It is defined as the amount of energy that would be released by burning one barrel of oil. The term "boe" is used in this MD&A to provide a comparison of the energy content of different types of hydrocarbons.

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, 2024	Three months ended March 31, 2023
Total natural gas and crude oil revenues, net of royalties	14,404,921	6,992,860
Funds flow from operations ⁽¹⁾	7,210,683	4,240,603
Funds flow from operations ⁽¹⁾ per share -		
Basic(\$)	0.03	0.02
Diluted (\$)	0.02	0.01
Net income	3,176,727	2,989,735
Net income per share -		
Basic (\$)	0.01	0.01
Diluted (\$)	0.01	0.01
Adjusted EBITDA ⁽¹⁾	10,021,139	4,271,726
Weighted average shares outstanding -		
Basic (\$)	285,864,348	222,717,847
Diluted (\$)	292,791,385	288,639,348
Common shares end of period	285,864,348	228,979,841
Capital expenditures	6,281,328	4,271,693
Cash and cash equivalents	11,606,342	12,354,424
Current Assets	20,779,081	15,849,150
Current liabilities	11,258,252	13,315,499
Adjusted working capital ⁽¹⁾	9,520,829	9,325,680
Long-term portion of restricted cash ⁽²⁾	237,814	831,048
Total assets	64,579,940	53,719,944
Operating		
Natural gas and crude oil production, before royalties		
Natural gas (Mcf/d)	1,760	2,459
Natural gas liquids (bbl/d)	4	4
Crude oil (bbl/d)	2,432	1,222
Total (boe/d)	2,730	1,635
Operating netbacks (\$/boe) ⁽¹⁾		
Natural gas (\$/Mcf)	(\$0.14)	(\$0.42)
Crude oil (\$/bbl)	\$56.27	\$58.31
Total (\$/boe)	\$50.10	\$42.21

⁽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 December 31, 2023 the Company held an interest in four oil blocks in Colombia and oil and natural gas leases in five 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
Total Colombia		217,390		133,994
CANADA				
Ansell	Operated	640	100%	640
Fir	Non operated	7,680	32%	2,458
Penhold	Non-operated	480	13%	61
Pepper	Operated	19,200	100%	19,200
Wapiti	Non-operated	1,280	13%	160
Total Canada		29,280		22,519
TOTAL		246,670		156,513

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. The Capella field is currently suspended and temporarily shut in.

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, 2024 Financial and Operational Highlights

- Arrow recorded \$14,404,921 in revenues, net of royalties, on crude oil sales of 219,160 bbls, 395 bbls of natural gas liquids ("NGL's") and 160,119 Mcf of natural gas sales;
- Funds flow from operations of \$7,210,683;
- Net income of \$3,176,727 and adjusted EBITDA was \$10,021,139;
- Drilled four development wells at its Carrizales Norte field

RESULTS OF OPERATIONS

The Company increased its production from new wells at both Rio Cravo Este and Carrizales Norte fields in the Tapir block. These have allowed the Company to continue to improve its operating results and EBITDA. 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 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Oso Pardo	166	80	93	130	138	115
Ombu (Capella)	-	-	-	-	80	238
Rio Cravo Este (Tapir)	1,644	1,326	1,443	1,592	1,004	832
Carrizales Norte (Tapir)	622	621	642	57	-	-
Total Colombia	2,432	2,027	2,178	1,779	1,222	1,185
Fir, Alberta	78	80	81	77	74	79
Pepper, Alberta	220	228	259	313	340	472
TOTAL (Boe/d)	2,730	2,335	2,518	2,169	1,635	1,736

The Company's average production for the three months ended March 31, 2024 was 2,730 boe/d, which consisted of crude oil production in Colombia of 2,432 bbl/d, natural gas production of 1,760 Mcf/d, and minor amounts of natural gas liquids from the Company's Canadian properties. The Company's Q1 2024 production was 17% higher than its Q4 2023 production and 67% higher when compared to Q1 2023.

Average Daily Natural Gas and Oil Production and Sales Volumes

	Three months ended March 31	
	2024	2023
Natural Gas (Mcf/d)		
Natural gas production	1,760	2,459
Natural gas sales	1,760	2,459
Realized Contractual Natural Gas Sales	1,760	2,459
Crude Oil (bbl/d)		
Crude oil production	2,432	1,222
Inventory movements and other	3	(89)
Crude Oil Sales	2,435	1,133
Corporate		
Natural gas production (boe/d)	294	410
Natural gas liquids(bbl/d)	4	4
Crude oil production (bbl/d)	2,432	1,222
Total production (boe/d)	2,730	1,635
Inventory movements and other (boe/d)	3	(89)
Total Corporate Sales (boe/d)	2,733	1,546

During the three months ended March 31, 2024 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	
	2024	2023
Natural Gas		
Natural gas revenues	\$ 300,224	\$ 467,876
NGL revenues	26,127	23,145
Royalties	(16,342)	(42,964)
Revenues, net of royalties	310,009	448,057
Oil		
Oil revenues	\$ 16,067,291	\$ 7,473,836
Royalties	(1,972,379)	(929,033)
Revenues, net of royalties	14,094,912	6,544,803
Corporate		
Natural gas revenues	\$ 300,224	\$ 467,876
NGL revenues	26,127	23,145
Oil revenues	16,067,291	7,473,836

Total revenues	16,393,642	7,964,857
Royalties	(1,988,721)	(971,997)
Natural gas and crude oil revenues, net of royalties, as reported	\$ 14,404,921	\$ 6,992,860

Natural gas and crude oil revenues, net of royalties, for the three months ended March 31, 2024 was \$14,404,921 (2023: \$6,992,860) which represents an increase of 106% when compared to the same 2023 period, and 7% higher than Q4 2023. These significant increases are mainly due to increased oil production in Colombia, offset by decrease in revenue in Canada.

Average Benchmark and Realized Prices

	Three months ended March 31		
	2024	2023	Change
Benchmark Prices			
AECO (C\$/Mcf)	\$2.55	\$3.28	(22%)
Brent (\$/bbl)	\$84.67	\$79.21	7%
West Texas Intermediate (\$/bbl)	\$76.95	\$76.10	1%
Realized Prices			
Natural gas, net of transportation (\$/Mcf)	\$1.87	\$2.11	(11%)
Natural gas liquids (\$/bbl)	\$66.20	\$66.13	0%
Crude oil, net of transportation (\$/bbl)	\$73.31	\$73.31	0%
Corporate average, net of transport (\$/boe)	\$66.58	\$57.23	16%

(1)Non-IFRS measure

The Company realized prices of \$66.58 per boe during the three months ended March 31, 2024 (2023: \$57.23) due to small increases in oil prices during 2024, except for natural gas prices which decreased during this period.

Operating Expenses

	Three months ended March 31	
	2024	2023
Natural gas & NGL's	306,224	517,653
Crude oil	1,762,787	599,937
Total operating expenses	2,069,011	1,117,590
Natural gas (\$/Mcf)	\$1.91	\$2.34
Crude oil (\$/bbl)	\$8.04	\$5.88
Corporate (\$/boe)⁽¹⁾	\$8.40	\$8.03

(1)Non-IFRS measure

During the three months ended March 31, 2024, Arrow incurred in operating expenses of \$2,069,011 (2023: \$1,117,590). This increase is mainly due to increase in production in the Company's Carrizales Norte field in the Tapir block and higher costs of producing heavier oil. The Company's corporate operating expense of \$8.40 per boe (2023: \$8.03) which is slightly higher than Q1 2023.

Operating Netbacks

	Three months ended March 31	
	2024	2023
Natural Gas (\$/Mcf)		
Revenue, net of transportation expense	\$1.87	\$2.11
Royalties	(\$0.10)	(0.19)
Operating expenses	(\$1.91)	(2.34)
Natural gas operating netback⁽¹⁾	(\$0.14)	(\$0.42)
Crude oil (\$/bbl)		
Revenue, net of transportation expense	\$73.31	\$73.31
Royalties	(\$9.00)	(9.11)
Operating expenses	(\$8.04)	(5.88)
Crude oil operating netback⁽¹⁾	\$56.27	\$58.31
Corporate (\$/boe)		
Revenue, net of transportation expense	\$66.58	\$57.23
Royalties	(\$8.08)	(6.98)
Operating expenses	(\$8.40)	(8.03)
Corporate operating netback⁽¹⁾	\$50.10	\$42.21

(1)Non-IFRS measure

The operating netbacks of the Company continued within healthy levels during 2024 due increasing production from its Colombian assets and improved crude oil prices, which were offset by decreases in natural gas prices.

General and Administrative Expenses (G&A)

	Three months ended March 31	
	2024	2023

General & administrative expenses	2,937,113	1,752,947
G&A recovered from 3 rd parties	(255,191)	(134,199)
Total G&A	2,681,922	1,618,748
Total G&A per boe	\$10.89	\$11.63

For the three months ended March 31, 2024, G&A expenses before recoveries totaled \$2,937,113 (2023: \$1,752,947), which represent an increase when compared to the same period in 2023, but a decrease when compared with Q4 2023. This variance is mainly due to additional personnel and payment of performance bonuses to employees. Despite these increased expenses, due to the Company's increased production, G&A expenses were reduced, on a per barrel basis, when compared to 2023.

Share-based Compensation

	Three months ended March 31	
	2024	2023
Share-based Compensation expense	101,278	132,240

Share-based compensation expense for the three months ended March 31, 2024 totaled \$101,278 (2023: \$132,240). During 2023, the Company granted 1,650,000 options to its personnel and Directors, which was offset by reversal of expenses from cancelled options due to resignations of option holders. No options were granted during Q1 2024.

Financing Costs

	Three months ended March 31	
	2024	2023
Financing expense paid or payable	208,834	106,570
Non-cash financing costs	37,376	29,156
Net financing costs	246,210	135,726

The finance expense for 2023 represents mostly interest on the promissory note due to Canacol. 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	
	2024	2023
Depletion and depreciation	3,531,772	2,454,364

Depletion and depreciation expense for the three months ended March 31, 2024 totaled \$3,531,772 (2023: \$2,454,364). The increase is due to higher carrying value of depletable property and equipment and increased production. The Company uses the unit of production method and proved plus probable reserves to calculate its depletion and depreciation expense.

Gain on Derivative Liability

	Three months ended March 31	
	2024	2023
Gain on Derivative Liability	-	(1,354,275)

During the three months ended March 31, 2024, the Company recorded no gain or loss in derivative liability (2023: gain of \$1,354,275) related to the valuation of its outstanding warrants issued during its AIM listing and private placement completed in 2021, which were mostly settled or expired during 2023.

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, 2024 the Company has a working capital of \$9,520,829. The Company has maintained a healthy working capital, using its operational cash flows to settle its obligations and to continue growing its operations. The stability in energy commodity prices has allowed the Company's capacity to generate sufficient financial resources to sustain its operations and growth. As at March 31, 2024 the Company's net debt (net cash) was calculated as follows:

	March 31, 2024	
Current assets	\$	20,779,081
Less:		
Accounts payable and accrued liabilities		6,698,702
Income taxes payable		4,450,967
Net debt (Net cash) ⁽¹⁾	\$	(9,629,412)

⁽¹⁾ Non-IFRS measure

Working Capital

As at March 31, 2024 the Company's adjusted working capital was calculated as follows:

	March 31, 2024
Current assets:	
Cash	\$ 11,606,342
Restricted cash and deposits	273,274
Trade and other receivables	3,237,382
Taxes receivable	4,819,478
Other current assets	842,605
Less:	
Accounts payable and accrued liabilities	6,698,702
Lease obligation	108,583
Income tax payable	4,450,967
Working capital⁽¹⁾	\$ 9,520,829
⁽¹⁾ Non-IFRS measure	

Debt Capital

As at March 31, 2024 the Company does not have any outstanding debt balance.

Letters of Credit

As at March 31, 2024, 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, 2025
	ANH	Carrao Energy	Financial Capacity	\$1,672,162	June 30, 2024
CORE - 39	ANH	Carrao Energy	Compliance	\$100,000	June 30, 2024
OMBU	ANH	Carrao Energy	Financial Capacity	\$436,300	October 14, 2024
Total				\$2,772,356	

Share Capital

As at March 31, 2024, the Company had 285,864,348 common shares and 17,354,447 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, 2024:

	Less than 1 year	1-3 years	Thereafter
Exploration and production contracts	-	12,000,000	-

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. In aggregate, the Company has outstanding commitments of \$12 million. The Company have made an application to cancel its commitments on the COR-39.

SUMMARY OF THREE MONTHS RESULTS

	2024	2023				2022		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Oil and natural gas sales, net of royalties	14,404,921	13,406,513	13,990,353	11,637,968	6,992,860	8,931,562	7,614,336	5,024,604
Net income (loss)	3,176,727	(10,492,053)	7,153,120	(757,416)	2,989,735	2,968,117	2,041,955	768,318
Income (loss)								

income (loss)	0.01	(0.04)	0.03	(0.00)			0.02	0.00
per share - basic	0.01	(0.04)	0.02	(0.00)	0.01	0.01	0.00	0.00
diluted					0.01	0.01		
Working capital (deficit)	9,520,829	8,669,114	10,822,475	(2,363,388)	2,619,715	(1,316,665)	7,392,310	5,594,027
Total assets	64,579,940	62,275,023	62,755,250	56,305,530	53,719,944	53,190,248	46,979,259	42,670,153
Net capital expenditures	6,281,329	10,471,447	5,471,561	6,870,258	4,271,693	2,106,463	4,836,860	2,777,611
Average daily production (boe/d)	2,730	2,666	2,518	2,169	1,635	1,736	1,503	980

The Company's oil and natural gas sales have increased 106% in Q1 2024 when compared to Q1 2023 due to increased production in its existing assets and stable commodity prices. The Company's production levels in Colombia continue growing. 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, 2024 the Company had the following securities issued and outstanding:

	Number	Exercise Price	Expiry Date
Common shares	285,864,348	n/a	n/a
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	1,200,000	CAD\$ 0.05	April 13, 2030
Stock options	5,150,002	GBP 0.07625	June 13, 2024 and 2025
Stock options	1,533,335	CAD\$0.28	Dec. 9, 2024 and 2025
Stock options	833,334	CAD\$0.26	Mar. 7, 2025 and 2026
Stock options	4,951,110	GBP 0.1675	June 21, 2024, 2025 and 2026
Stock options	466,666	GBP 0.1925	July 23, 2024, 2025 and 2026
Stock options	1,000,000	CAD \$0.33	Mar. 21, 2025, 2026 and 2027
Stock options	9,843,887	CAD \$0.375	Oct. 29 2025, 2026 and 2027

OUTLOOK

The Company has deployed the capital raised at the time of the Admission to AIM on a successful drilling campaigns at Rio Cravo and Carrizales Norte on the Tapir Block. These successful campaigns have translated into production growth and in positive cashflows during 2023 and 2022, providing Arrow with the funds required to continue with its capital program for 2024.

During 2024, the Company has drilled six wells at Carrizales Norte, which have increased overall production, and has spud its first horizontal well. This confirms Arrow's commitment to increase production and shareholder value. The Company is able to support its 2024 capital program with current cash on hand and cash flow from operations.

CRITICAL ACCOUNTING ESTIMATES

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES

A summary of the Company's material accounting policies is included in note 3 of 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

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