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ARROW ANNOUNCES Q3 2024 INTERIM RESULTS AND PROVIDES OPERATIONAL UPDATE

CNB HZ-7 on production

CALGARY, November 28, 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, is pleased to provide an update on operational activity and announce the filing of its Interim Condensed (unaudited) Consolidated Financial Statements and Management's Discussion and Analysis ("MD&A") for the three and nine months ended September 30, 2024 which are available on SEDAR (www.sedar.com) and will also be available shortly on Arrow's website at www.arrowexploration.ca.

Q3 2024 Highlights:

- The strongest quarter in Arrow's history for production, revenue, EBITDA and cash flow.
- Successfully drilled the first three horizontal development wells in the Carrizales Norte (CN) field.
- Recorded 21.3 million of total oil and natural gas revenue, net of royalties, representing a 53% increase when compared to the same period in 2023 (Q3 2023: 13.9 million).
- Net income of 6.7 million.
- Adjusted EBITDA⁽¹⁾ of 15.9 million, a 62% increase when compared to 2023 (Q3 2023: 9.8 million) and a 79% increase compared to Q2 2024 (8.9 million).
- Average corporate production of 4,124 boe/d (Q3 2023: 2,518 boe/d).
- Realized corporate oil operating netbacks⁽¹⁾ of 50.76/bbl.
- Cash position of 16.5 million at the end of Q3 2024.
- Generated operating cashflows of 29.2 million for the nine months ended September 30, 2024 (2023: 13.9 million).

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

Post Period End Highlights:

- Drilled three additional successful CN horizontal wells.
- Currently mobilizing rig to the Alberta Llanos pad (formerly known as Baquiano) in the Tapir block to spud the exploratory Alberta-1 well in early December.

CNB HZ-7

The sixth horizontal well on the Carrizales Norte "B" pad (CNB HZ-7) is now on production. The well initially flowed at a rate of approximately 800 BOPD gross (400 BOPD net to Arrow) with a 60% water cut. Currently the well has a 65% water cut and gross production of 700 BOPD gross (350 BOPD net).

HZ-7 was drilled lower in the structure than the other horizontal wells and expectations were that the water cut would be higher on this well with lower production. Nevertheless, the HZ7 well is expected to pay out in approximately four months. As pump frequency is increased production should increase as well.

The results of HZ7 and the other horizontal wells have derisked further horizontal development to the north and south of the current horizontal wells at Carrizales Norte.

CNB HZ-7 was spud on October 22, 2024, and reached a target depth of 8,448 feet (true vertical depth) on November 7, 2024. The well was drilled to a total measured depth of 13,893 feet with a horizontal section of approximately 3,612 feet. CNB HZ-7 came on production on November 14, 2024, with the use of an electric submersible pump (ESP).

Please note initial production flows are not necessarily indicative of long-term performance or ultimate recovery and a stabilized production rate will be determined in the first few weeks of operations, in keeping with conservative reservoir management. Further updates will be provided in due course.

Corporate Update

Current net corporate production is approximately 5,500 BOE/D, inclusive of CNB HZ-7. Optimization continues.

Arrow's cash position was approximately 19 million on November 1, 2024. Arrow has maintained a healthy balance sheet with no debt while growing the production base.

Upcoming Drilling

The rig is mobilizing to the Alberta Llanos prospect where Arrow plans to drill a low risk, vertical exploration well with multiple targets including the C7, Gacheta and Ubaque. Thereafter, the Company expects to drill two more vertical wells on the Alberta Llanos pad.

Arrow plans another year of growth in 2025, expecting to drill up to 23 wells utilizing two rigs. Rig 1 will drill the Alberta Llanos prospect and will also be used at the Carrizales Norte development area and the Mateguafa Oeste and Capullo prospects. Rig 2 will drill development wells at RCE and from a new pad, called Carrizales Norte C, which will be positioned to drill horizontal wells in the northern section of Carrizales Norte field and the Alberta Llanos prospect. The Company is also planning a 3D seismic project over the southern area of the Tapir block which will further develop the Icaco and Macoya prospects. Total budgeted capital expenditures planned for 2025 is approximately 50 million, net to Arrow, which is expected to result in production for 2025 being significantly higher than current levels.

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

"The third quarter of 2024 was the best quarter on record for Arrow. Compared to the same quarter last year, corporate production grew by 64% and revenue grew by 53%. Operating income and EBITDA grew by 54% and 62% respectively despite Brent and AECO prices being less than in 2023."

"The highly successful horizontal well program at Carrizales Norte is ongoing with the completion of HZ-7. This program has also demonstrated that the Carrizales Norte reservoir extends further than originally thought and the plan is to exploit the reservoir extension with additional horizontal wells. The Ubaque reservoir has proven to be productive and very economic with the average wells paying out in less than three months. Declines from CNB HZ1, the longest producing horizontal well, were 50% in the first 3 months and 27% from day 90 until now. Individual well performance will vary, but HZ-1 is indicative of declines across the Company's horizontal wells thus far. Expectations are that these horizontal wells will continue to produce for many years to come."

"Arrow is looking forward to 2025 with an approved budget that will see up to 23 wells drilled on the Tapir block. The 2025 budget will be focused on production growth in development areas and low risk exploration. Arrow plans to test the Mateguafa Oeste and Capullo prospects and to develop further the Carrizales Norte and Rio Cravo Este areas using both vertical and horizontal technology."

"Arrow's focus for the remainder of 2024 will be the low-risk exploration well at the Alberta Llanos prospect. The Alberta Llanos prospect is a continuation of the fault from the Carrizales and Carrizales Norte fields and the 3D seismic shows 3-way closure with multi zone potential including the C7, Gacheta and Ubaque. Arrow expects to have drilling and log results before the end of 2024. "

FINANCIAL AND OPERATING HIGHLIGHTS

(in United States dollars, except as otherwise noted)	Three months ended September 30, 2024	Nine months ended September 30, 2024	Three months ended September 30, 2023
Total natural gas and crude oil revenues, net of royalties	21,300,115	50,851,402	13,990,353
Funds flow from operations ⁽¹⁾	9,233,972	23,100,351	8,690,907
Funds flow from operations ⁽¹⁾ per share -			
Basic ()	0.03	0.08	0.04

Diluted ()	0.03	0.08	0.03
Net income	6,668,493	11,093,045	7,153,120
Net income per share -			
Basic ()	0.02	0.04	0.03
Diluted ()	0.02	0.04	0.02
Adjusted EBITDA ⁽¹⁾	15,961,900	34,867,138	9,826,997
Weighted average shares outstanding -			
Basic ()	285,864,348	285,864,348	237,919,872
Diluted ()	288,921,950	291,542,735	295,875,232
Common shares end of period	285,864,348	285,864,348	245,526,041
Capital expenditures	6,945,779	22,192,515	5,471,561
Cash and cash equivalents	16,536,801	16,536,801	12,891,190
Current Assets	23,230,243	23,230,243	18,652,504
Current liabilities	13,608,118	13,608,118	13,321,524
Adjusted working capital ⁽¹⁾	9,622,125	9,622,125	10,822,475
Long-term portion of restricted cash ⁽²⁾	176,094	176,094	637,793
Total assets	73,535,397	73,535,397	62,755,250

Operating

Natural gas and crude oil production, before royalties

Natural gas (Mcf/d)	461	1,047	2,012
Natural gas liquids (bbl/d)	5	4	4
Crude oil (bbl/d)	4,042	2,960	2,178
Total (boe/d)	4,124	3,139	2,518

Operating netbacks (/boe) ⁽¹⁾

Natural gas (/Mcf)	(1.48)	(0.66)	0.18
Crude oil (/bbl)	52.00	53.87	60.62
Total (/boe)	50.76	50.70	52.67

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

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

DISCUSSION OF OPERATING RESULTS

The Company continued increasing 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 shut in of wells and natural declines.

Average Production by Property

Average Production Boe/d	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Oso Pardo	180	113	166	80	93	130	138
Ombu (Capella)	-	-	-	-	-	-	80
Rio Cravo Este (Tapir)	1,078	1,283	1,644	1,326	1,443	1,592	1,004
Carrizales Norte (Tapir)	2,784	991	622	621	642	57	-
Total Colombia	4,042	2,387	2,432	2,027	2,178	1,779	1,222
Fir, Alberta	82	77	78	80	81	77	74
Pepper, Alberta	-	82	220	228	259	313	340
TOTAL (Boe/d)	4,124	2,546	2,730	2,335	2,518	2,169	1,635

The Company's average production for the three months ended September 30, 2024 was 4,124 boe/d, which consisted of crude oil production in Colombia of 4,042 bbl/d, natural gas production of 461 Mcf/d, and minor amounts of natural gas liquids from the Company's Canadian properties. The Company's Q3 2024 production was 62% higher than its Q2 2024 production and 64% higher when compared to Q3 2023.

DISCUSSION OF FINANCIAL RESULTS

During Q3 2024 the Company continued to realize good oil prices, offset by lower gas prices, as summarized below:

	Three months ended September 30		
	2024	2023	Change
Benchmark Prices			
AECO (C /Mcf)	0.70	2.64	(73%)
Brent (/bbl)	72.87	92.59	(21%)
West Texas Intermediate (/bbl)	75.15	77.35	(3%)

WEST TEXAS INTERMEDIATE (/ bbl)	13.13	11.33	(13%)
Realized Prices			
Natural gas, net of transportation (/Mcf)	0.56	1.95	(71%)
Natural gas liquids (/bbl)	61.24	67.10	(9%)
Crude oil, net of transportation (/bbl)	65.35	77.63	(16%)
Corporate average, net of transport (/boe)⁽¹⁾	64.04	68.80	(7%)
<i>(1) Non-IFRS measure</i>			

OPERATING NETBACKS

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

	Three months ended September 30	
	2024	2023
Natural Gas (/Mcf)		
Revenue, net of transportation expense	0.56	1.95
Royalties	(0.09)	(0.05)
Operating expenses	(1.95)	(1.72)
Natural Gas operating netback⁽¹⁾	(1.48)	0.18
Crude oil (/bbl)		
Revenue, net of transportation expense	65.35	77.63
Royalties	(7.44)	(9.45)
Operating expenses	(5.91)	(7.56)
Crude Oil operating netback⁽¹⁾	52.00	60.62
Corporate (/boe)		
Revenue, net of transportation expense	64.04	68.80
Royalties	(7.28)	(8.21)
Operating expenses	(6.00)	(7.92)
Corporate Operating netback⁽¹⁾	50.76	52.67

(1) Non-IFRS measure

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

During Q3 2024, the Company incurred 7 million of capital expenditures, primarily in connection with the drilling of three additional CN wells in the Tapir block. 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

potential operating margin. Arrow's core interest in the North Green is contingent on the assignment of a portion 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 global pandemics, the potential of Arrow's Colombian and/or Canadian assets (or any of them individually), the prices of oil and/or natural gas, and Arrow's business plan to expand oil and gas production and achieve attractive potential operating margins. Arrow believes the expectations and assumptions reflected in the forward-looking statements are reasonable at this time, but no assurance can be given that these factors, expectations, and assumptions will prove to be correct.

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

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

Glossary

Bbl/d or bop/d: Barrels per day
/Bbl: Dollars per barrel
Mcf/d: Thousand cubic feet of gas per day
Mmcf/d: Million cubic feet of gas per day
/Mcf: Dollars per thousand cubic feet of gas
Mboe: Thousands of barrels of oil equivalent
Boe/d: Barrels of oil equivalent per day
/Boe: Dollars per barrel of oil equivalent
MMbbls: Million of barrels

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

This Announcement contains inside information for the purposes of the UK version of the market abuse regulation (EU No. 596/2014) as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MAR").

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 AND NINE MONTHS ENDED SEPTEMBER 30, 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 and nine months ended September 30, 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	September 30, 2024	December 31, 2023
ASSETS			
Current assets			
Cash		16,536,801	12,135,376
Restricted cash and deposits	3	252,149	611,753
Trade and other receivables	4	3,911,713	3,536,936
Taxes receivable	5	2,246,287	4,655,399
Deposits and prepaid expenses		232,676	197,402
Inventory		50,617	492,332
		23,230,243	21,629,198
Non-current assets			
Deferred income taxes		1,575,218	2,031,383
Restricted cash and deposits	3	176,094	243,081
Exploration and evaluation assets	6	1,442,094	-
Property and equipment	7	47,111,748	38,371,361
Total Assets		73,535,397	62,275,023
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		7,829,348	9,747,906
Lease obligation	8	36,323	103,674
Income taxes		5,742,447	3,108,504
		13,608,118	12,960,084
Non-current liabilities			
Lease obligations	8	198,881	216,919
Other liabilities		343,019	345,528
Deferred income taxes		1,306,252	3,269,894
Decommissioning liability	9	5,052,107	3,973,075
Total liabilities		20,508,377	20,765,500
Shareholders' equity			
Share capital	10	73,829,795	73,829,795
Contributed surplus		2,717,118	2,161,945
Deficit		(22,852,850)	(33,945,895)
Accumulated other comprehensive loss		(667,043)	(536,322)
Total shareholders' equity		52,027,020	41,509,523

Total shareholders' equity	33,027,020	41,503,323
Total liabilities and shareholders' equity	73,535,397	62,275,023

Commitments and contingencies (Note 11)

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 September 30		For the nine months ended September 30	
	Notes	2024	2023	2024	2023
Revenue					
Oil and natural gas		24,031,829	15,884,660	57,592,614	35,487,485
Royalties		(2,731,714)	(1,894,307)	(6,741,212)	(4,223,991)
		<u>21,300,115</u>	<u>13,990,353</u>	<u>50,851,402</u>	<u>31,263,494</u>
Expenses					
Operating		2,252,602	1,829,833	6,797,194	4,338,913
Administrative		2,862,620	1,924,089	9,258,119	6,790,964
Environmental		-	356,857	-	356,857
Share based payments	10	144,050	149,102	555,173	440,360
Financing costs:					
Accretion	9	46,144	34,343	124,883	95,638
Interest		7,333	9,461	24,604	131,697
Other		105,412	89,281	413,249	238,135
Derivative loss		-	(1,191,385)	-	(109,613)
Foreign exchange (gain) loss		277,204	(28,003)	149,817	(109,959)
Depletion and depreciation	7	4,681,591	3,972,850	11,475,258	10,067,403
Impairment loss	7	-	-	1,542,000	-
Other (income) expense		(54,211)	80,580	(220,866)	(138,028)
		<u>10,322,745</u>	<u>7,227,008</u>	<u>30,119,431</u>	<u>22,102,367</u>
Income before taxes		10,977,370	6,763,345	20,731,971	9,161,127
Income taxes					
Current		5,927,455	1,317,437	11,146,403	3,705,305
Deferred		(1,618,578)	(1,707,212)	(1,507,477)	(3,929,618)
		<u>4,308,876</u>	<u>(389,775)</u>	<u>9,638,926</u>	<u>(224,313)</u>
Net income for the period		6,668,493	7,153,120	11,093,045	9,385,440
Other comprehensive loss (income)					
Foreign exchange		95,203	34,103	(130,721)	(77,481)
Total other comprehensive loss (income)		<u>95,203</u>	<u>34,103</u>	<u>(130,721)</u>	<u>(77,481)</u>
Total comprehensive income for the period		6,763,696	7,187,223	10,962,324	9,307,959
Net income per share					
- basic		0.02	0.03	0.04	0.04
- Diluted		0.02	0.02	0.04	0.03
Weighted average shares outstanding					
- Basic		285,864,348	230,808,547	285,864,348	226,785,547
- Diluted		288,921,950	295,446,047	291,542,735	294,694,399

The accompanying notes are an integral part of these interim 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, 2024	73,829,795	2,161,945	(536,322)	(33,945,895)	41,509,523
Net income for the period	-	-	-	11,093,045	11,093,045
Other comprehensive loss	-	-	(130,721)	-	(130,721)
Total comprehensive income	-	-	(130,721)	11,093,045	10,962,324
Share-based compensation	-	555,173	-	-	555,173
Balance September 30, 2024	73,829,795	2,717,118	(667,043)	(22,852,850)	53,027,020

	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	7,023,065	-	-	-	7,023,065
Net income for the period	-	-	-	9,385,440	9,385,440
Other comprehensive loss	-	-	(77,481)	-	(77,481)
Total comprehensive income	-	-	(77,481)	9,385,440	9,307,959
Share-based compensation	-	440,360	-	-	440,360
Balance September 30, 2023	64,833,800	2,010,851	(722,853)	(23,453,842)	42,667,956

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

Arrow Exploration Corp.
Interim Condensed Consolidated Statements of Cash Flows
In United States Dollars
(Unaudited)

For the nine months ended September 30	2024	2023
Cash flows provided by operating activities		
Net income	11,093,045	9,385,440
Items not involving cash:		
Share based payment	555,173	440,360
Deferred income tax	(1,507,477)	(3,929,618)
Depletion and depreciation	11,475,258	10,067,403
Interest on leases	24,604	12,237
Interest on promissory note, net of forgiveness	-	119,460
Accretion	124,883	95,638
Foreign exchange gain	(44,473)	(224,264)
Gain on derivative liability	-	(109,613)
Environmental provision	-	356,857
Impairment loss	1,542,000	-
Changes in non cash working capital balances:		
Restricted cash	426,591	(37,190)
Trade and other receivables	(374,777)	(229,288)
Taxes receivable	2,409,113	(933,966)
Deposits and prepaid expenses	(35,274)	32,561
Inventory	441,715	(179,840)
Accounts payable and accrued liabilities	610,696	(654,363)
Income tax payable	2,633,943	(312,600)
Settlement of decommissioning obligations	(162,662)	(4,349)
Cash provided by operating activities	29,212,358	13,894,865

Cash flows used in investing activities		
Additions to exploration and evaluation assets	(1,442,094)	(3,182,010)
Additions to property and equipment	(20,750,421)	(13,431,502)
Changes in non-cash working capital	(2,529,254)	1,538,033
Cash flows used in investing activities	(24,721,769)	(15,075,479)
Cash flows (used in) provided by financing activities		
Common shares issued	-	3,025,568
Payment of promissory note, principal and interests	-	(2,018,577)
Lease payments	(49,411)	(54,813)
Cash flows (used in) provided by financing activities	(49,411)	952,178
Effect of changes in the exchange rate on cash	(39,753)	58,658
Increase (decrease) in cash	4,401,425	(169,778)
Cash, beginning of period	12,135,376	13,060,968
Cash, end of period	16,536,801	12,891,190
Supplemental information		
Interest paid	-	415,026
Taxes paid	1,430,337	1,119,208

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

Arrow Exploration Corp.

Notes to the Interim Condensed Consolidated Financial Statements

In United States Dollars

(Unaudited)

September 30, 2024

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 November 26, 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

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

	September 30, 2024	December 31, 2023
Colombia (i)	289,957	312,530
Canada (ii)	138,286	542,304
Sub-total	428,243	854,834
Long-term portion	(176,094)	(243,081)
Current portion of restricted cash and deposits	252,149	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 2024, the Company recovered its 337,031 (CAD 445,749) deposit related to the Company's liability rating management ("LMR"). The remaining 136,286 (2023: 205,273) pertain to other deposits held in Canada.

4. Trade and other receivables

	September 30, 2024	December 31, 2023
Trade receivables, net of advances	2,598,565	2,238,918
Other accounts receivable	1,313,148	1,298,018
	3,911,713	3,536,936

As at September 30, 2024, other accounts receivable include 699,859 (December 31, 2023 - 682,197) receivable from on demand loans with executives and directors.

5. Taxes receivable

	September 30, 2024	December 31, 2023
Value-added tax (VAT) credits recoverable	1,860,760	1,703,260
Income tax withholdings and advances, net	385,527	2,952,139
	2,246,287	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

September 30, 2024	December 31, 2023
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Balance, beginning of the period	-	-
Additions, net	1,442,094	3,212,808
Reclassification to Property and Equipment (Note 7)	-	(3,212,808)
Balance, end of the period	1,442,094	-

During 2024, the Company incurred in exploration and development costs associated to its Alberta prospect in the Tapir block. 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	20,757,410	6,908	20,764,318
Adjustment to ROU assets	-	(53,543)	(53,543)
Decommissioning additions	1,131,600	-	1,131,600
Balance, September 30, 2024	97,181,875	497,582	97,679,457

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	11,404,636	70,622	11,475,258
Impairment loss	1,542,000	-	1,542,000
Balance, September 30, 2024	50,020,956	297,764	50,318,720

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	(77,775)	(6,955)	(84,730)
Balance September 30, 2024	(239,012)	(9,977)	(248,989)

Net Book Value

Balance December 31, 2023	38,057,308	314,053	37,371,361
Balance September 30, 2024	46,921,907	189,841	47,111,748

Canada

As at June 30, 2024, the Company determined there were indicators of impairment in its Canada CGU, mainly due to decreases in current and forward gas prices, 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 1,542,000 was included in the interim consolidated statements of operations and comprehensive income for the three and nine months ended September 30, 2024. The following table outlines forecast benchmark prices and exchange rates used in the Company's impairment test as at June 30, 2024:

Year	Exchange rate US / Cdn	AECO Spot Gas C /MMBtu
2024	0.75	2.24
2025	0.75	2.90
2026	0.75	4.33
2027	0.75	4.34
2028	0.75	4.30
Thereafter (inflation %)		2.0%/yr

The recoverable amount was estimated at their fair value less costs of disposal, based on the net present value of the future cash flows from oil and gas reserves as estimated by the Company's independent reserve evaluator at December 31, 2023, updated to reflect changes in prices forecast, and an internal valuation of undeveloped land. The fair value less costs of disposal used to determine the recoverable amounts are classified as Level 3 fair value measurements as certain key assumptions are not based on observable market data but rather, the Company's best estimate. The Company used a 18.3% (2023: 18.3%) pre-tax discount rate, which took into account risks specific to the Canada CGU. The key assumptions in the internal valuation of undeveloped land were the determination of the transactions considered precedent, the discount applied to the Company's lands and the probability of obtaining extensions on related lands. The Company utilized an average value per acre of 89.63 in the impairment test as at June 30, 2024.

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 income for the 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. The Company determined there were indicators of impairment in the Capella CGU and 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 period	320,593	63,751
Additions	-	302,930
Changes to leases	(53,543)	-
Lease payments	(49,411)	(74,211)
Interest	24,587	22,011
Effects of movements in foreign exchange rates	(7,022)	6,112
Obligation, end of the period	235,204	320,593
Current portion	(36,323)	(103,674)
Long-term portion	198,881	216,919

During 2024, the Company recognized the impact of a change in payment terms of its office lease and recognized a decrease in lease liabilities and ROU assets for 53,543. As at September 30, 2024, the Company has the following future lease obligations:

Less than one year	65,505
2 - 5 years	249,085
Total lease payments	314,590

total lease payments	314,330
Amounts representing interest over the term	(79,386)
Present value of the net obligation	<u>235,204</u>

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:

	September 30, 2024	December 31, 2023
Obligation, beginning of the period	3,973,075	3,303,301
Additions	1,131,600	1,000,889
Change in estimated cash flows	-	(262,066)
Payments or settlements	(160,150)	(19,545)
Dispositions	-	(191,081)
Accretion expense	124,883	127,478
Effects of movements in foreign exchange rates	(17,301)	14,099
Obligation, end of the period	<u>5,052,107</u>	<u>3,973,075</u>

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 (2023: 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 6,871,182 (2023: 5,686,938).

10. Share Capital

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

(b) Issued:

	September 30, 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	<u>285,864,348</u>	<u>73,829,795</u>	<u>285,864,348</u>	<u>73,829,795</u>

(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 outstanding common shares. 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 September 30, 2024 and December 31, 2023 and changes during the periods ended on those dates is presented below:

		September 30, 2024		December 31, 2023	
		Number of options	Weighted average exercise price (CAD)	Number of options	Weighted average exercise price (CAD)
Stock Options					
Beginning of period		20,531,668	0.24	20,590,000	0.18
Granted		14,176,108	0.41	1,650,000	0.27
Expired/Forfeited		(1,433,333)	-	(1,375,000)	0.12
Exercised		(7,479,442)	0.20	(333,332)	0.11
End of period		<u>25,795,001</u>	<u>0.32</u>	<u>20,531,668</u>	<u>0.24</u>
Exercisable, end of period		<u>3,633,332</u>	<u>0.32</u>	<u>9,879,441</u>	<u>0.42</u>

Date of Grant	Number Outstanding	Exercise Price (CAD)	Weighted Average Remaining Contractual Life	Date of Expiry	Number Exercisable June 30, 2024
October 22, 2018	250,000	1.15		Oct. 22, 2028	250,000
May 3, 2019	100,000	0.31		May 3, 2029	100,000
March 30, 2020	1,200,000	0.05		Mar. 30, 2030	1,200,000

March 20, 2020	1,200,000	0.03		March 20, 2030	1,200,000
April 13, 2020	1,200,000	0.05		April 13, 2030	1,200,000
December 13, 2021	2,983,336	0.13		June 13, 2024 and 2025	-
June 9, 2022	600,001	0.28		Dec. 9, 2023, 2024 and 2025	133,333
September 7, 2022	833,334	0.26		Mar. 7, 2024, 2025 and 2026	416,666
December 21, 2022	3,652,222	0.28		June 21, 2024, 2025 and 2026	-
January 23, 2023	100,000	0.32		July 23, 2024, 2025 and 2026	-
September 21, 2023	1,000,000	0.33		Mar. 21, 2025, 2026 and 2027	333,333
April 29, 2024	9,543,887	0.38		Oct.29 2025, 2026 and 2027	-
September 11, 2024	4,332,221	0.48		Mar.11 2026, 2027 and 2028	-
Total	25,795,001	0.32	2.19 years		3,633,332

During the three and nine months ended September 30, 2024, the Company recognized 144,050 and 555,173, respectively (2023: 149,102 and 440,360) as share-based compensation expense, with a corresponding effect in the contributed surplus account.

11. 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 September 30, 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 September 30, 2024:

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 those individuals.

Letters of Credit

At September 30, 2024, the Company had obligations under Letters of Credit ("LC's") outstanding totaling 3.0 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, the ANH could decide to cancel the underlying exploration and production contract, 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	December 30, 2024
CORE - 39	ANH	Carrao Energy	Compliance	100,000	December 30, 2024
OMBU	ANH	Carrao Energy	Financial Capacity	436,300	April 14, 2025
OMBU	ANH	Carrao Energy	Abandonment	251,450	August 28, 2025
Total				3,023,806	

12. 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.

(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 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 producing companies and 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:

	September 30, 2024	December 31, 2023
Working capital	9,622,125	8,669,114

13. 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 and nine months ended and as at September 30:

Three months ended September 30, 2024	Colombia	Canada	Total
Revenue:			
Oil Sales	23,981,362	-	23,981,362
Natural gas and liquid sales	-	50,467	50,467
Royalties	(2,727,862)	(3,852)	(2,731,714)
Expenses	(7,601,535)	(2,721,210)	(10,322,745)
Impairment loss	-	-	-
Income taxes	(4,308,877)	-	(4,308,877)
Net income (loss)	9,343,088	(2,674,595)	6,668,493

Nine months ended September 30, 2024	Colombia	Canada	Total
Revenue:			
Oil Sales	57,110,675	-	57,110,675
Natural gas and liquid sales	-	481,939	481,939
Royalties	(6,740,821)	(391)	(6,741,212)
Expenses	(19,447,170)	(9,130,261)	(28,577,431)
Impairment loss	-	(1,542,000)	(1,542,000)
Income taxes	(9,638,926)	-	(9,638,926)
Net income (loss)	21,283,758	(10,190,713)	11,093,045

As at September 30, 2024	Colombia	Canada	Total
Current assets	18,062,588	5,167,655	23,230,243
Non-current:			
Deferred income taxes	1,575,218	-	1,575,218
Restricted cash	37,808	138,286	176,094
Exploration and evaluation	1,442,094	-	1,442,094
Property, plant and equipment	46,150,143	961,605	47,111,748
Total Assets	67,267,851	6,267,546	73,535,397
Current liabilities	11,670,854	1,937,264	13,608,118
Non-current liabilities:			
Deferred income taxes	1,306,252	-	1,306,252
Other liabilities	343,019	-	343,019
Lease obligation	-	198,881	198,881
Decommissioning liability	4,507,069	545,038	5,052,107
Total liabilities	17,827,194	2,681,183	20,508,377

Three months ended September 30, 2023	Colombia	Canada	Total
Revenue:			
Oil Sales	15,496,501	-	15,496,501
Natural gas and liquid sales	-	388,159	388,159
Royalties	(1,885,968)	(8,339)	(1,894,307)
Expenses	(6,339,173)	(887,835)	(7,227,008)
Income tax recovery	389,775	-	389,775
Net income (loss)	7,661,135	(508,015)	7,153,120

Nine months ended September 30, 2023	Colombia	Canada	Total
Revenue:			
Oil Sales	34,177,223	-	34,177,223
Natural gas and liquid sales	-	1,310,262	1,310,262
Royalties	(4,214,621)	(9,370)	(4,223,991)
Expenses	(14,799,562)	(7,302,805)	(22,102,367)
Income tax recovery	224,313	-	224,313
Net income (loss)	15,387,353	(6,001,913)	9,385,440

As at September 30, 2023	Colombia	Canada	Total
Current assets	17,392,681	1,259,823	18,652,504
Non-current:			
Deferred income taxes	1,933,639	-	1,933,639
Restricted cash	37,808	599,985	637,793
Exploration and evaluation	3,182,010	-	3,182,010
Property, plant and equipment	34,003,518	4,345,786	38,349,304
Total Assets	56,549,656	6,205,594	62,755,250
Current liabilities	7,137,935	6,183,589	13,321,524
Non-current liabilities:			
Deferred income taxes	2,198,419	-	2,198,419
Other liabilities	588,393	-	588,393
Lease obligation	-	219,611	219,611
Decommissioning liability	3,202,198	557,149	3,759,347
Total liabilities	13,126,945	6,960,349	20,087,294

ARROW EXPLORATION CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS THREE AND NINE MONTHS ENDED SEPTEMBER 30, 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 November 26, 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 and nine months ended September 30, 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: global pandemics and their 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 global pandemics; 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

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 September 30, 2024	Nine months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2023
Net income	6,668,493	11,093,045	7,153,120	9,385,440
Add/(subtract):				
Share based payments	144,050	555,173	149,102	440,360
Financing costs:				
Accretion on decommissioning obligations	46,144	124,883	34,343	95,638
Interest	7,333	24,604	9,461	131,697
Other	105,412	413,249	89,281	238,135
Depreciation and depletion	4,681,591	11,475,258	3,972,850	10,067,403
Derivative gain	-	-	(1,191,385)	(109,613)
Impairment loss	-	1,542,000	-	-
Income tax (recovery) expense, current and deferred	4,308,877	9,638,926	(389,775)	(224,313)
Adjusted EBITDA ⁽¹⁾	15,961,900	34,867,138	9,826,997	20,024,747
Cash flows provided by operating activities	13,495,700	29,212,358	6,523,732	13,894,865
Minus - Changes in non cash working capital balances:				
Trade and other receivables	(36,540)	374,777	697,291	229,288
Restricted cash	921	(426,591)	(65,890)	37,190
Taxes receivable	(2,342,660)	(2,409,113)	765,277	933,966
Deposits and prepaid expenses	(79,698)	35,274	(68,109)	(32,561)
Inventory	4,070	(441,715)	9,026	179,840
Accounts payable and accrued liabilities	(916,510)	(610,696)	1,192,261	654,363
Income taxes	(891,311)	(2,633,943)	(362,681)	312,600
Funds flow from operations ⁽¹⁾	9,233,972	23,100,351	8,690,907	16,209,551

⁽¹⁾ Non-IFRS measures

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

FINANCIAL AND OPERATING HIGHLIGHTS

(in United States dollars, except as otherwise noted)	Three months ended September 30, 2024	Nine months ended September 30, 2024	Three months ended September 30, 2023
Total natural gas and crude oil revenues, net of royalties	21,300,115	50,851,402	13,990,353
Funds flow from operations ⁽¹⁾	9,233,972	23,100,351	8,690,907
Funds flow from operations ⁽¹⁾ per share -			
Basic ()	0.03	0.08	0.04
Diluted ()	0.03	0.08	0.03
Net income	6,668,493	11,093,045	7,153,120
Net income per share -			
Basic ()	0.02	0.04	0.03
Diluted ()	0.02	0.04	0.02
Adjusted EBITDA ⁽¹⁾	15,961,900	34,867,138	9,826,997
Weighted average shares outstanding -			
Basic ()	285,864,348	285,864,348	237,919,872
Diluted ()	288,921,950	291,542,735	295,875,232
Common shares end of period	285,864,348	285,864,348	245,526,041
Capital expenditures	6,945,779	22,192,515	5,471,561
Cash and cash equivalents	16,536,801	16,536,801	12,891,190
Current Assets	23,230,243	23,230,243	18,652,504
Current liabilities	13,608,118	13,608,118	13,321,524
Adjusted working capital ⁽¹⁾	9,622,125	9,622,125	10,822,475
Long-term portion of restricted cash ⁽²⁾	176,094	176,094	637,793
Total assets	73,535,397	73,535,397	62,755,250
Operating			
Natural gas and crude oil production, before royalties			
Natural gas (Mcf/d)	461	1,047	2,012
Natural gas liquids (bbl/d)	5	4	4
Crude oil (bbl/d)	4,042	2,960	2,178
Total (boe/d)	4,124	3,139	2,518
Operating netbacks (/boe) ⁽¹⁾			
Natural gas (/Mcf)	(1.48)	(0.66)	0.18
Crude oil (/bbl)	52.00	53.87	60.62
Total (/boe)	50.76	50.70	52.67

⁽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 September 30, 2024 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. Both West Pepper and East Pepper wells are currently shut in due to current low natural gas prices in Canada.

Three months ended September 30, 2024 Financial and Operational Highlights

- Arrow recorded 21,300,115 in revenues, net of royalties, on crude oil sales of 366,988 bbls, 437 bbls of natural gas liquids ("NGL's") and 42,447 Mcf of natural gas sales;
- Funds flow from operations of 9,233,972;
- Net income of 6,668,493 and adjusted EBITDA was 15,961,900;
- Drilled three horizontal wells, and spud an additional one, at its Carrizales Norte field.

RESULTS OF OPERATIONS

The Company increased its production from its new wells at its Carrizales Norte field 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 shut ins in some wells and natural declines.

Average Production by Property

Average Production Boe/d	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Oso Pardo	180	113	166	80	93	130	138
Ombu (Capella)	-	-	-	-	-	-	80
Rio Cravo Este (Tapir)	1,078	1,283	1,644	1,326	1,443	1,592	1,004
Carrizales Norte (Tapir)	2,784	991	622	621	642	57	-
Total Colombia	4,042	2,387	2,432	2,027	2,178	1,779	1,222
Fir, Alberta	82	77	78	80	81	77	74
Pepper, Alberta	-	82	220	228	259	313	340
TOTAL (Boe/d)	4,124	2,546	2,730	2,335	2,518	2,169	1,635

The Company's average production for the three months ended September 30, 2024 was 4,124 boe/d, which consisted of crude oil production in Colombia of 4,042 bbl/d, natural gas production of 461 Mcf/d, and minor amounts of natural gas liquids from the Company's Canadian properties. The Company's Q3 2024 production was 62% higher than its Q2 2024 production and 64% higher when compared to Q3 2023.

Average Daily Natural Gas and Oil Production and Sales Volumes

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Natural Gas (Mcf/d)				
Natural gas production	461	2,012	1,047	2,261
Natural gas sales	461	2,012	1,047	2,261
Realized Contractual Natural Gas Sales	461	2,012	1,047	2,261
Crude Oil (bbl/d)				
Crude oil production	4,042	2,178	2,960	1,730
Inventory movements and other	(53)	(8)	44	(19)
Crude Oil Sales	3,989	2,170	3,003	1,711
Corporate				
Natural gas production (boe/d)	77	336	175	376
Natural gas liquids(bbl/d)	5	4	4	4
Crude oil production (bbl/d)	4,042	2,178	2,960	1,730
Total production (boe/d)	4,124	2,518	3,139	2,110
Inventory movements and other (boe/d)	(53)	(8)	44	(19)
Total Corporate Sales (boe/d)	4,071	2,510	3,183	2,091

During the three and nine months ended September 30, 2024 the majority of production was attributed to Colombia, where most of Company's blocks were producing. The volumes reported as inventory movements during the nine months ended September 30, 2024 correspond to the sale of 18,990 barrels of oil that were stored at the non-operated Capella field in the OMBU block.

Natural Gas and Oil Revenues

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Natural Gas				
Natural gas revenues	23,714	361,381	403,164	1,242,889
NGL revenues	26,753	26,778	78,775	67,373
Royalties	(3,852)	(8,339)	(391)	(9,370)
Revenues, net of royalties	46,615	379,820	481,548	1,300,892
Oil				
Oil revenues	23,981,362	15,496,501	57,110,675	34,177,223
Royalties	(2,727,862)	(1,885,968)	(6,740,821)	(4,214,621)
Revenues, net of royalties	21,253,500	13,610,533	50,369,854	29,962,602
Corporate				
Natural gas revenues	23,714	361,381	403,164	1,242,889
NGL revenues	26,753	26,778	78,775	67,373
Oil revenues	23,981,362	15,496,501	57,110,675	34,177,223
Total revenues	24,021,829	15,884,660	57,592,614	35,487,485

Total Revenues	24,031,023	13,004,000	31,332,014	33,401,403
Royalties	(2,731,714)	(1,894,307)	(6,741,212)	(4,223,991)
Natural gas and crude oil revenues, net of royalties	21,300,115	13,990,353	50,851,402	31,263,494

Natural gas and crude oil revenues, net of royalties, for the three and nine months ended September 30, 2024 were 21,300,115 and 50,851,402, respectively (2023: 13,990,353 and 31,263,494), which represents an increase of 52% and 63%, respectively, when compared to the same 2023 periods, and 41% higher than Q2 2024. These significant increases are mainly due to increased oil production in Colombia, despite decreased oil prices, offset by decrease in revenue in Canada.

Average Benchmark and Realized Prices

	Three months ended September 30			Nine months ended September 30		
	2024	2023	Change	2024	2023	Change
Benchmark Prices						
AECO (C /Mcf)	0.70	2.64	(73%)	1.48	2.77	(47%)
Brent (/bbl)	72.87	92.59	(21%)	80.18	82.26	(3%)
West Texas Intermediate (/bbl)	75.15	77.35	(3%)	77.55	82.20	(6%)
Realized Prices						
Natural gas, net of transportation (/Mcf)	0.56	1.95	(71%)	1.41	2.01	(30%)
Natural gas liquids (/bbl)	61.24	67.10	(9%)	65.56	63.30	(4%)
Crude oil, net of transportation (/bbl)	65.35	77.63	(16%)	69.66	73.16	(5%)
Corporate average, net of transport (/boe)⁽¹⁾	64.04	68.80	(7%)	66.28	62.14	(7%)

(1)Non-IFRS measure

The Company realized prices of 64.04 and 66.28 per boe during the three and nine months ended September 30, 2024, respectively (2023: 68.80 and 62.14), due to overall decrease in oil and natural gas prices during 2024, partially offset by natural gas liquids price, which increased during this period, and increased crude oil weighting.

Operating Expenses

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Natural gas & NGL's	82,505	319,439	592,835	1,302,246
Crude oil	2,170,097	1,510,394	6,204,359	3,036,667
Total operating expenses	2,252,602	1,829,833	6,797,194	4,338,913
Natural gas (/Mcf)	1.95	1.72	2.07	2.10
Crude oil (/bbl)	5.91	7.56	7.57	6.50
Corporate (/boe)⁽¹⁾	6.00	7.92	7.82	7.59

(1)Non-IFRS measure

During the three and nine months ended September 30, 2024, Arrow incurred operating expenses of 2,252,602 and 6,797,194, respectively (2023: 1,829,833 and 4,338,913). This increase in operating costs is mainly due to increased production in the Company's Carrizales Norte field, including production of heavier oil, and 464,900 of additional operating costs corresponding to the Capella inventory volumes sold during Q2 2024.

Operating Netbacks

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Natural Gas (/Mcf)				
Revenue, net of transportation expense	0.56	1.95	1.41	2.01
Royalties	(0.09)	(0.05)	(0.00)	(0.02)
Operating expenses	(1.95)	(1.72)	(2.07)	(2.10)
Natural Gas operating netback⁽¹⁾	(1.48)	0.18	(0.66)	(0.11)
Crude oil (/bbl)				
Revenue, net of transportation expense	65.35	77.63	69.66	73.16
Royalties	(7.44)	(9.45)	(8.22)	(9.02)
Operating expenses	(5.91)	(7.56)	(7.57)	(6.50)
Crude Oil operating netback⁽¹⁾	52.00	60.62	53.87	57.64
Corporate (/boe)				
Revenue, net of transportation expense	64.04	68.80	66.28	62.14
Royalties	(7.28)	(8.21)	(7.76)	(7.40)
Operating expenses	(6.00)	(7.92)	(7.82)	(7.59)
Corporate Operating netback⁽¹⁾	50.76	52.67	50.70	47.15

(1)Non-IFRS measure

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

General and Administrative Expenses (G&A)

	Three months ended	Nine months ended
--	--------------------	-------------------

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
General & administrative expenses	3,057,447	2,069,314	9,869,834	7,259,939
G&A recovered from 3 rd parties	(194,827)	(145,225)	(611,715)	(468,975)
Total G&A	2,862,620	1,924,089	9,258,119	6,790,964
Cost per boe	7.63	8.33	10.65	11.89

For the three and nine months ended September 30, 2024, G&A expenses before recoveries totaled 2,862,620 and 9,258,119, respectively (2023: 1,924,089 and 6,790,964). This increase 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 September 30		Nine months ended September 30	
	2024	2023	2024	2023
Share-based Payments	144,050	149,102	555,173	440,360

Share-based compensation expense for the three and nine months ended September 30, 2024 totaled 144,050 and 555,173, respectively (2023: 149,102 and 440,360). During Q3 2024, the Company granted 4,332,221 new options to its personnel and Directors, which has caused an increase in the share-based payments expenses for 2024, partially offset by reversal of expense associated with forfeited options.

Financing Costs

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Financing expense paid or payable	112,745	98,742	437,853	369,833
Non-cash financing costs	46,144	34,343	124,883	95,638
Net financing costs	158,889	133,085	562,736	465,471

The finance expense for 2024 is mostly related to financial transactions tax paid in Colombia. Finance expense for 2023 is mostly related to 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 September 30		Nine months ended September 30	
	2024	2023	2024	2023
Depletion and depreciation	4,681,591	3,972,850	11,475,258	10,067,403

Depletion and depreciation expense for the three and nine months ended September 30, 2024 totaled 4,681,591 and 11,475,258, respectively (2023: 3,972,850 and 10,067,403). 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.

Impairment loss

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Impairment loss	-	-	1,542,000	-

As at June 30, 2024, the Company reviewed its cash-generating units ("CGU") for property and equipment and determined that there were indicators of impairment loss in its Canada CGU and recognized a loss of 1,542,000. This impairment loss was mainly caused by decreases in the forecast prices of natural gas.

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 September 30, 2024 the Company has a working capital of 9,622,125. 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 September 30, 2024 the Company's net debt (net cash) was calculated as follows:

September 30, 2024

Current assets	23,230,243
Less:	
Accounts payable and accrued liabilities	7,829,348
Income taxes payable	5,742,447
Net debt (Net cash) ⁽¹⁾	(9,658,448)

⁽¹⁾Non-IFRS measure

Working Capital

As at September 30, 2024 the Company's adjusted working capital was calculated as follows:

	September 30, 2024
Current assets:	
Cash	16,536,801
Restricted cash and deposits	252,149
Trade and other receivables	3,911,713
Taxes receivable	2,246,287
Other current assets	283,293
Less:	
Accounts payable and accrued liabilities	7,829,348
Lease obligation	36,323
Income tax payable	5,742,447
Working capital⁽¹⁾	9,622,125

⁽¹⁾Non-IFRS measure

Debt Capital

As at September 30, 2024 the Company does not have any outstanding debt balance.

Letters of Credit

As at September 30, 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 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	December 30, 2024
CORE - 39	ANH	Carrao Energy	Compliance	100,000	December 30, 2024
OMBU	ANH	Carrao Energy	Financial Capacity	436,300	April 14, 2025
OMBU	ANH	Carrao Energy	Abandonment	251,450	August 28, 2025
Total				3,023,806	

Share Capital

As at September 30, 2024, the Company had 285,864,348 common shares and 25,795,001 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 September 30, 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
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Oil and natural gas sales, net of royalties	21,300,115	15,146,366	14,404,921	13,406,513	13,990,353	10,280,280	6,992,860	8,931,562
Net income (loss)	6,668,493	1,247,825	3,176,727	(10,492,053)	7,153,120	(757,416)	2,989,735	2,968,117
Income (loss) per share - basic	0.02	0.00	0.01	(0.04)	0.03	(0.00)	0.01	0.01
Income (loss) per share - diluted	0.02	0.00	0.01	(0.04)	0.02	(0.00)	0.01	0.01

diluted Working capital (deficit)	9,622,125	6,657,117	9,520,829	8,669,114	10,822,475	(2,363,388)	0.01 2,619,715	0.01 (1,316,665)
Total assets	73,535,397	67,864,633	64,579,940	62,275,023	62,755,250	56,305,530	53,719,944	53,190,248
Net capital expenditures	6,945,779	8,965,408	6,281,329	10,471,447	5,471,561	6,870,258	4,271,693	2,106,463
Average daily production (boe/d)	4,124	2,638	2,730	2,666	2,518	2,169	1,635	1,736

The Company's oil and natural gas sales have increased 52% in Q3 2024 when compared to Q3 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 November 26, 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	250,000	CAD 1.15	October 22, 2028
Stock options	100,000	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	2,983,336	GBP 0.07625	June 13, 2024 and 2025
Stock options	600,001	CAD 0.28	Dec. 9, 2024 and 2025
Stock options	833,334	CAD 0.26	Mar. 7, 2025 and 2026
Stock options	3,652,222	GBP 0.1675	June 21, 2024, 2025 and 2026
Stock options	100,000	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	8,543,888	CAD 0.375	Oct. 29 2025, 2026 and 2027
Stock options	4,332,221	CAD 0.475	Mar. 11 2026, 2027 and 2028

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 positive cashflows, providing Arrow with the funds required to continue with its capital program for 2024.

During 2024, the Company has drilled thirteen wells at Carrizales Norte, including six horizontal wells, which have increased corporate production. Arrow remains committed to growth and increasing shareholder value.

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, 2023 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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