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ARROW ANNOUNCES Q2 2025 INTERIM RESULTS

CALGARY, August 28, 2025 - 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 announce the filing of its Interim Condensed (unaudited) Consolidated Financial Statements and Management's Discussion and Analysis ("MD&A") for the three and six months ended June 30, 2025, which are available on SEDAR (www.sedar.com) and will also be available shortly on Arrow's website at www.arrowexploration.ca.

Q2 2025 Highlights:

- Average corporate production of 3,768 boe/d (Q2 2024: 2,546 boe/d), representing a 48% increase when compared to the same period in 2024.
- Recorded 15.9 million of total oil and natural gas revenue, net of royalties, representing a 5% increase when compared to the same period in 2024 (Q2 2024: 15.1 million).
- Realized corporate oil operating netbacks⁽¹⁾ of 27.36/bbl.
- Cash position of 13.2 million at the end of Q2 2025.
- YTD generated operating cashflows of 13.9 million (YTD 2024: 18.9 million).
- Drilled five (5) additional development wells in the Alberta Llanos (AB), Carrizales Norte (CN) and Rio Cravo Este (RCE) fields in the Tapir block. RCE HZ10 was also spud in Q2.
- Invested in road and pad infrastructure from CN to Mateguafa Attic at a net cost of 2 million to the Company.
- Completed acquisition and processing of a 90 square km 3D seismic program over the southern part of the Tapir block at a cost of 3 million.
- Entered into a 20 million prepayment agreement with an integrated energy company.
- Net YTD income of 1.7 million (YTD 2024 1.2 million)

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

Post Period End Highlights:

- Spud the first horizontal well, RCE HZ-10, in the Rio Cravo Este (RCE) field in the Tapir block.
- RCE HZ-10, CN HZ12 and AB HZ5 were brought on production.

Current Production

The Company is currently producing approximately 4,200 boe/d with two additional wells expected to be brought on production in the next two weeks, CN HZ13 targeting the Ubaque formation and a recompletion at AB3 targeting the C7 formation.

Tapir Water Disposal Infrastructure

In Q2, the Company paid 0.8 million on trucking water. During Q2 the Company invested significantly in water disposal infrastructure, of which 1.7 million is included in operating costs for the quarter. This investment includes conversion work and stimulation of the AB-2, CN-4 and CN-5 water disposal wells. The water handling infrastructure is now operational and expected to deliver a significant reduction in water handling costs and support higher production rates. The Tapir block water disposal capability is now over 130,000 barrels of water per day. With the water handling infrastructure in place, the Company is turning up production in current wells.

Tapir Extension and COR-39 Block

The Company is engaged in continuing discussions with authorities on the Tapir block extension. Arrow considers that all requirements for the extension have been met. Furthermore, the Company is in discussions with regulatory bodies on the termination of COR-39 Block licence obligations. Discussions with authorities are going well and Arrow will keep the market updated in future releases.

Upcoming Drilling

At this time, Arrow is operating one rig and has dismissed the second rig. The Company has spud the CN HZ 13 well, which is expected to be on production in the beginning of September. Thereafter, the Company expects to drill its first exploration well at Mateguafa Oeste. If the vertical exploration well at Mateguafa Oeste is successful, the Company plans to drill four additional horizontal wells on the prospect. If the Mateguafa Oeste 1 well is not successful, the rig will move to Mateguafa Attic to drill three low risk vertical wells targeting the C7. The Company has the option to engage a second rig to drill the other prospects if Mateguafa Oeste 1 is successful. The total budgeted capital expenditure planned for 2025 is approximately 50 million, net to Arrow, of which 24 million was spent in H1 2025.

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

"The second quarter of 2025 has been very busy for Arrow. The two horizontal development wells at Alberta Llanos have highlighted the potential for horizontal development in the Ubaque in other areas of the Tapir block. The Company plans to further test this potential with an exploration well at Mateguafa Oeste in Q3 and is putting the infrastructure in place for exploration wells at Mateguafa Attic, Capullo and Icaco, all of which could have a material impact on the Company."

"The Company continues to work with regulatory authorities on the extension of the Tapir block. The Company considers it has met all of the requirements for an extension and discussions with regulatory officials continue to progress."

"In Q2, Arrow made large investments in the future drilling programs of the Company. The Tapir South 3D seismic program was completed during the quarter, at a net cost of 3 million, showing additional prospects and drilling opportunities. The Company is expected to test one of these prospects, Icaco, in early 2026. During Q2 the company also completed the road joining the CN pad with the Mateguafa Oeste, Capullo and Mateguafa Attic prospects at a net cost of approximately 2 million."

"The focus for the remainder of 2025 will be to explore low risk new prospects in the Tapir block, starting with Mateguafa Oeste, which has the potential to be larger than the Carrizales Norte field. The pad and cellars for Mateguafa Oeste have been completed and the first well is expected to be spud in late Q3. Arrow looks forward to updating the market post drilling the first well at Mateguafa Oeste."

FINANCIAL AND OPERATING HIGHLIGHTS

(in United States dollars, except as otherwise noted)	Three months ended June 30, 2025	Six months ended June 30, 2025	Three months ended June 30, 2024
Total natural gas and crude oil revenues, net of royalties	15,868,938	35,375,063	15,146,366
Funds flow from operations ⁽¹⁾	3,994,525	13,740,079	6,655,696
Funds flow from operations ⁽¹⁾ per share -			
Basic ()	0.01	0.05	0.02
Diluted ()	0.01	0.05	0.02
Net income (loss)	(934,735)	1,729,029	1,247,825
Net income (loss) per share -			
Basic ()	(0.00)	0.01	0.00
Diluted ()	(0.00)	0.01	0.00
Adjusted EBITDA ⁽¹⁾	6,269,979	17,801,527	8,884,099
Weighted average shares outstanding -			
Basic ()	285,864,348	285,864,348	285,864,348
Diluted ()	295,209,883	294,655,197	292,536,147
Common shares end of period	285,864,348	285,864,348	285,864,348
Capital expenditures	14,771,206	26,150,386	8,965,408
Cash and cash equivalents	13,212,417	13,212,417	10,826,380
Current Assets	20,213,917	20,213,917	19,975,633
Current liabilities	19,820,706	19,820,706	13,318,516
Adjusted working capital ⁽¹⁾	393,211	393,211	6,657,117
Long-term portion of restricted cash ⁽²⁾	154,849	154,849	174,190

Total assets	92,729,950	92,729,950	67,864,633
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Operating			
Natural gas and crude oil production, before royalties			
Natural gas (Mcf/d)	1,587	1,718	926
Natural gas liquids (bbl/d)	10	8	4
Crude oil (bbl/d)	3,493	3,631	2,387
Total (boe/d)	3,768	3,925	2,546
Operating netbacks (/boe) ⁽¹⁾			
Natural gas (/Mcf)	(1.45)	(1.21)	(1.25)
Crude oil (/bbl)	30.08	36.42	54.54
Total (/boe)	27.36	33.24	51.21

DISCUSSION OF OPERATING RESULTS

During Q2 2025, the Company's production has decreased due to natural declines and increasing water cuts across its fields in the Tapir block. Production growth is expected to resume since the Company has developed water handling capacity and executes on the 2025 budget. Nevertheless, the Company has maintained good operating results and healthy EBITDA.

Average Production by Property

Average Production Boe/d	Q2 2025	Q1 2025	FY 2024	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Oso Pardo	131	126	153	154	180	113	166
Ombu (Capella)	-	-	-	-	-	-	-
Rio Cravo Este (Tapir)	996	1,118	1,294	1,178	1,078	1,283	1,644
Carrizales Norte (Tapir)	2,070	2,321	1,897	3,153	2,784	991	622
Alberta Llanos	296	205	7	26	-	-	-
Total Colombia	3,493	3,770	3,351	4,511	4,042	2,387	2,432
Fir, Alberta	100	105	81	88	82	77	78
Pepper, Alberta	170	210	110	139	-	82	220
Keho, Alberta	5	-	-	-	-	-	-
TOTAL (Boe/d)	3,768	4,085	3,542	4,738	4,124	2,546	2,730

The Company's average production for the three months ended June 30, 2025 was 3,768 boe/d which consisted of crude oil production in Colombia of 3,493 bbl/d, natural gas production of 1,587 Mcf/d, and minor amounts of natural gas liquids. The Company's Q2 2025 production was 48% higher than its Q2 2024 production and 7% lower than Q1 2025 due to natural declines and water handling capacity.

DISCUSSION OF FINANCIAL RESULTS

During Q2 2025 the Company experienced a reduction in both crude oil and gas prices, as summarized below:

	Three months ended June 30		
	2025	2024	Change
Benchmark Prices			
AECO (C /Mcf)	1.72	1.20	43%
Brent (/bbl)	69.80	83.00	(16%)
West Texas Intermediate (/bbl)	63.70	80.55	(21%)
Realized Prices			
Natural gas, net of transportation (/Mcf)	1.27	0.94	35%
Natural gas liquids (/bbl)	51.76	69.96	(26%)
Crude oil, net of transportation (/bbl)	56.87	72.99	(22%)
Corporate average, net of transport (/boe)⁽¹⁾	53.33	69.39	(23%)

OPERATING NETBACKS

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

	Three months ended June 30	
	2025	2024
Natural Gas (/Mcf)		
Revenue, net of transportation expense	1.27	0.94
Royalties	(0.10)	0.23
Operating expenses	(2.61)	(2.42)
Natural Gas operating netback⁽¹⁾	(1.44)	(1.25)
Crude oil (/bbl)		
Revenue, net of transportation expense	56.87	72.99
Royalties	(6.63)	(8.73)
Operating expenses	(20.17)	(9.72)
Crude Oil operating netback⁽¹⁾	30.07	54.54
Corporate (/boe)		
Revenue, net of transportation expense	53.33	69.39

revenue, net of transportation expense	33.33	33.33
Royalties	(6.18)	(8.17)
Operating expenses	(19.79)	(10.01)
Corporate Operating netback⁽¹⁾	27.36	51.21

⁽¹⁾Non-IFRS measure

The operating netbacks of the Company have been affected in 2025 due to increased water production from its Colombian assets and decreased crude oil prices. During Q2 2025, the Company incurred 15 million of capital expenditure, primarily in connection with the drilling of additional development wells in the Tapir block. This tempo is expected to continue during the remainder of 2025, funded by cash on hand and cashflow.

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About Arrow Exploration Corp.

Arrow Exploration Corp. (operating in Colombia via a branches of its 100% owned subsidiary Arrow Exploration Switzerland GmbH) 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. Pursuant to certain private agreements entered between Arrow and its partner, Arrow is entitled to receive 50% of the production from the Tapir block and has the right to request approval to Ecopetrol S.A. for the assignment of 50% of all rights, interests and obligations under the Tapir Association Contract. 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 SIX MONTHS ENDED JUNE 30, 2025 AND 2024 IN UNITED STATES DOLLARS (UNAUDITED)

Notice of No Auditor Review of the Interim Condensed Consolidated Financial Statements as at and for the three and six months ended June 30, 2025

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.

(Unaudited)

As at	Notes	June 30, 2025	December 31, 2024
ASSETS			
Current assets			
Cash		13,212,417	18,837,784
Restricted cash and deposits	3	283,973	238,141
Trade and other receivables	4	2,775,757	3,830,215
Taxes receivable	5	3,555,155	2,656,926
Deposits and prepaid expenses		192,254	232,730
Inventory		194,361	177,400
		20,213,917	25,973,196
Non-current assets			
Restricted cash and deposits	3	154,849	167,545
Exploration and evaluation assets	6	5,691,837	142,995
Property and equipment	7	66,669,347	54,984,998
Total Assets		92,729,950	81,268,734
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		17,249,293	8,504,332
Lease obligation	8	59,298	44,639
Income taxes		2,319,559	4,294,109
Stock based compensation liability	10	192,556	1,483,947
		19,820,706	14,327,027
Non-current liabilities			
Lease obligations	8	155,159	174,767
Other liabilities		603,310	610,059
Deferred income taxes		10,393,836	6,832,229
Decommissioning liability	9	7,023,637	6,307,659
Total liabilities		37,996,648	28,251,741
Shareholders' equity			
Share capital	10	73,829,795	73,829,795
Contributed surplus		856,093	856,093
Deficit		(19,041,865)	(20,770,894)
Accumulated other comprehensive loss		(910,721)	(898,001)
Total shareholders' equity		54,733,302	53,016,993
Total liabilities and shareholders' equity		92,729,950	81,268,734

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****(Loss)****In United States Dollars****(Unaudited)**

	Notes	For the three months ended June 30		For the six months ended June 30	
		2025	2024	2025	2024
Revenue					
Oil and natural gas		17,949,268	17,167,143	40,085,427	33,560,785
Royalties		(2,080,330)	(2,020,777)	(4,710,364)	(4,009,498)
		15,868,938	15,146,366	35,375,063	29,551,287
Expenses					
Operating		6,660,847	2,475,582	12,017,446	4,544,593
Administrative		3,771,368	3,713,577	6,653,358	6,395,499

Share based payments	10	857,840	309,845	(243,630)	411,123
Financing costs:					
Accretion	9	72,769	41,363	141,046	78,739
Interest	8	7,368	7,501	14,535	17,271
Other		3,197	108,773	3,197	307,837
Foreign exchange (gain) loss		(854,503)	161,351	(1,098,714)	(127,387)
Depletion and depreciation	7	3,179,694	3,261,894	9,700,662	6,793,668
Impairment loss	7	-	1,542,000	-	1,542,000
Other expense (income)		21,247	(88,243)	1,446	(166,658)
		<u>13,719,827</u>	<u>11,533,643</u>	<u>27,189,346</u>	<u>19,796,685</u>
Income before taxes		2,149,111	3,612,723	8,185,717	9,754,602
Income taxes					
Current		1,017,164	2,713,664	2,895,081	5,218,949
Deferred		<u>2,066,682</u>	<u>(348,766)</u>	<u>3,561,607</u>	<u>111,102</u>
		<u>3,083,846</u>	<u>2,364,898</u>	<u>6,456,688</u>	<u>5,330,051</u>
Net income (loss) for the period		(934,735)	1,247,825	1,729,029	4,424,551
Other comprehensive loss					
Foreign exchange		(13,182)	(82,608)	(12,720)	(225,925)
Total other comprehensive loss		<u>(13,182)</u>	<u>(82,608)</u>	<u>(12,720)</u>	<u>(225,925)</u>
Total comprehensive income (loss) for the period		(947,917)	1,165,217	1,716,309	4,198,626
Net income (loss) per share					
- basic		(0.00)	0.00	0.01	0.02
- Diluted		(0.00)	0.00	0.01	0.02
Weighted average shares outstanding					
- basic		285,864,348	285,864,348	285,864,348	285,864,348
- Diluted		295,209,883	292,536,147	294,655,197	292,867,527

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, 2025	73,829,795	856,093	(898,001)	(20,770,894)	53,016,993
Net income for the period	-	-	-	1,729,029	1,729,029
Other comprehensive loss	-	-	(12,720)	-	(12,720)
Total comprehensive income	-	-	(12,720)	1,729,029	1,716,309
Balance June 30, 2025	<u>73,829,795</u>	<u>856,093</u>	<u>(910,721)</u>	<u>(19,041,865)</u>	<u>54,733,302</u>

	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	-	-	-	4,424,551	4,424,551
Other comprehensive loss	-	-	(225,925)	-	(225,925)
Total comprehensive income	-	-	(225,925)	4,424,551	4,198,626
Share-based compensation	-	411,123	-	-	411,123
Balance June 30, 2024	<u>73,829,795</u>	<u>2,573,068</u>	<u>(762,247)</u>	<u>(29,521,344)</u>	<u>46,119,272</u>

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 six months ended June 30,	Notes	2025	2024
Cash flows provided by operating activities:			
Net income		1,729,029	4,424,551
Items not involving cash:			
Deferred taxes		3,561,607	111,102
Share-based compensation (income) expense	10	(243,630)	411,123
Depletion and depreciation	7	9,700,662	6,793,668
Interest on leases	8	14,535	17,271
Accretion	9	141,046	78,739
Unrealized foreign exchange (gain)loss		(77,714)	593,659
Impairment loss		-	1,542,000
Changes in non cash working capital balances:			
Restricted cash and deposits		(33,136)	427,512
Trade and other receivables		1,054,458	(411,317)
Taxes receivable		(898,229)	66,453
Deposits and prepaid expenses		40,477	(114,972)
Inventory		(16,962)	445,785
Income tax payable		(1,974,550)	1,742,632
Accounts payable and accrued liabilities		2,045,957	(305,814)
Stock based payments	10	(1,085,457)	-
Settlement of decommissioning obligations	9	-	(105,734)
Cash provided by operating activities		13,958,094	15,716,658
Cash flows used in investing activities:			
Additions to exploration and evaluation assets	6	(5,548,842)	(1,059,825)
Additions to property and equipment	7	(20,601,544)	(14,186,910)
Changes in non-cash working capital		6,699,005	(1,024,027)
Cash flows used in investing activities		(19,451,381)	(16,270,762)
Cash flows used in financing activities:			
Lease payments	8	(30,945)	(55,266)
Cash flows used in financing activities		(30,945)	(55,266)
Effect of changes in the exchange rate on cash		(101,135)	(699,627)
Increase (decrease) in cash		(5,625,367)	(1,308,997)
Cash, beginning of period		18,837,784	12,135,377
Cash, end of period		13,212,417	10,826,380
Supplemental information			
Interest paid		-	-
Taxes paid		3,905,567	1,430,337

The accompanying notes are an integral part of these interim 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 August 27, 2025. 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, 2024.

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, 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, 2024.

3. Restricted Cash and deposits

	June 30, 2025	December 31, 2024
Colombia (i)	303,186	275,949
Canada	135,636	129,737
Sub-total	438,822	405,686
Long-term portion	(154,849)	(167,545)
Current portion of restricted cash and deposits	283,973	238,141

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

4. Trade and other receivables

	June 30, 2025	December 31, 2024
Trade receivables, net of advances	569,338	1,926,176
Other accounts receivable	2,206,419	1,904,039
	2,775,757	3,830,215

As at June 30, 2025, other accounts receivable include 724,659 (December 31, 2024 - 699,880) receivable from on demand loans with executives and directors.

5. Taxes receivable

	June 30, 2025	December 31, 2024
Value-added tax (VAT) credits recoverable	2,999,432	1,738,536
Income tax withholdings and advances, net	555,723	918,390
	3,555,155	2,656,926

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

	June 30, 2025	December 31, 2024
Balance, beginning of the period	142,995	-
Additions	5,548,842	3,818,279
Reclassification to Property and Equipment (Note 8)	-	(3,675,284)
Balance, end of the period	5,691,837	142,995

As at June 30, 2025, no indicators of impairment were identified in the Company's exploration and evaluation assets. During 2024, the Company incurred in exploration and development costs associated to its Alberta Llanos prospect in the Tapir block, and determined the technical feasibility and commercial viability of these assets, transferring 3,675,284 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, 2023	75,292,865	544,217	75,837,082
Additions	27,295,956	6,908	27,302,864
Adjustment to ROU assets	-	(53,543)	(53,543)
Transfers from exploration of evaluation assets	3,675,284	-	3,675,284
Decommissioning adjustment	2,702,058	-	2,702,058
Balance, December 31, 2024	108,966,163	497,582	109,463,745
Additions	20,601,544	-	20,601,544
Decommissioning adjustment	574,536	-	574,536
Balance, June 30, 2025	130,142,243	497,582	130,639,825

Accumulated depletion and depreciation and impairment	Oil and Gas Properties	Right of Use and Other Assets	Total
Balance, December 31, 2023	37,074,320	227,142	37,301,462
Depletion and depreciation	17,448,880	86,935	17,535,815
Impairment reversal	(662,753)	-	(662,753)
Balance, December 31, 2024	53,860,447	314,077	54,174,524
Depletion and depreciation	9,668,033	31,629	9,700,662
Balance, June 30, 2025	63,528,480	346,706	63,875,186

Foreign exchange			
Balance December 31, 2023	(161,237)	(3,022)	(164,259)
Effects of movements in foreign exchange rates	(122,332)	(17,632)	(139,964)
Balance, December 31, 2024	(283,569)	(20,654)	(304,223)
Effects of movements in foreign exchange rates	201,733	7,198	208,931
Balance, June 30, 2025	(81,836)	(13,456)	(95,292)

Net Book Value			
Balance December 31, 2024	54,822,147	162,851	54,984,998
Balance June 30, 2025	66,531,927	137,420	66,669,347

Canada

As at June 30, 2025, no indicators of impairment were identified in the Company's property and equipment. As at December 31, 2024, the Company determined there were indicators of impairment reversal in its Canada CGU. Management determined the recoverable amount of its Canada CGU using the fair value less costs of disposal approach.

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 six months ended June 30, 2024.

8. Lease Obligations

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

	2025	2024
Obligation, beginning of the period	219,406	320,593
Changes to leases	-	(53,943)
Lease payments	(30,945)	(57,807)
Interest	14,535	31,846
Effects of movements in foreign exchange rates	11,460	(21,683)
Obligation, end of the period	214,457	219,406
Current portion	(59,298)	(44,639)
Long-term portion	155,159	174,767

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 June 30, 2025, the Company has the following future lease obligations:

Less than one year	84,737
2 - 5 years	191,240
Total lease payments	275,977
Amounts representing interest over the term	(61,520)
Present value of the net obligation	214,457

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:

	June 30, 2025	December 31, 2024
Obligation, beginning of the period	6,307,659	3,973,075
Additions	853,596	1,467,282
Change in estimated cash flows	(279,060)	843,978
Payments or settlements	-	(110,263)
Accretion expense	141,046	178,296
Effects of movements in foreign exchange rates	396	(44,709)
Obligation, end of the period	7,023,637	6,307,659

The obligation was calculated using a risk-free discount rate range of 2.50% to 3.75% in Canada (2024: 1.25% to 4.50%) and between 4.43% and 4.60% in Colombia (2024: 4.30% and 4.60%) with an inflation rate of 2.0% and 1.90%, respectively (2024: 2.0% and 1.9%). The majority of costs are expected to occur between 2026 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 8,830,428 (2024: 8,155,704).

10. Share Capital

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

(b) Issued:

	June 30, 2025		December 31, 2024	
	Shares	Amounts	Shares	Amounts
Common shares				
Balance at beginning and end of the period	285,864,348	73,829,795	285,864,348	73,829,795

(c) Stock options:

The Company has a stock option plan that provides for the issuance to its directors, officers and employees options to purchase 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 June 30, 2025 and December 31, 2024 and changes during the periods ended on those dates is presented below:

Stock Options	June 30, 2025		December 31, 2024	
	Number of options	Weighted average exercise price (CAD)	Number of options	Weighted average exercise price (CAD)
Beginning of period	24,795,002	0.32	20,531,668	0.18
Granted	-	-	14,176,108	0.27
Expired/Forfeited	-	-	(2,433,333)	0.12
Exercised	(6,676,112)	0.19	(7,479,441)	0.11
End of period	18,118,890	0.36	24,795,002	0.32
Exercisable, end of period	5,131,296	0.29	8,442,778	0.42

Date of Grant	Number Outstanding	Exercise Price (CAD)	Weighted Average Remaining Contractual Life	Date of Expiry	Number Exercisable June 30, 2025
October 22, 2018	250,000	1.15	3.31	Oct. 22, 2028	250,000
May 3, 2019	100,000	0.31	3.84	May 3, 2029	100,000
March 20, 2020	900,000	0.05	4.72	Mar. 20, 2030	900,000
April 13, 2020	900,000	0.05	4.78	April 13, 2030	900,000
June 9, 2022	133,334	0.28	0.44	Dec. 9, 2023, 2024 and 2025	133,334
September 7, 2022	416,668	0.26	0.68	Mar. 7, 2024, 2025 and 2026	-
December 21, 2022	1,826,112	0.28	0.97	June 21, 2024, 2025 and 2026	-
January 23, 2023	50,000	0.32	1.06	July 23, 2024, 2025 and 2026	-
September 21, 2023	666,667	0.33	1.22	Mar. 21, 2025, 2026 and 2027	-
April 29, 2024	8,543,888	0.38	1.33	Oct.29 2025, 2026 and 2027	2,847,962
September 11, 2024	4,332,221	0.48	1.70	Mar.11 2026, 2027 and 2028	-
Total	18,118,890	0.36	1.74 years		5,131,296

For the six months ended June 30, 2025, the Company has recognized shared-based compensation income of 243,630 (2024: expense of 101,278) corresponding to the progressive vesting and fair market value of options, reducing its stock based compensation liability in the same amount (2024: increasing contributed surplus), and paid 1,085,457 from cashless exercising of vested options (2024: nil).

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 (see Letters of Credit section below). Presented below are the Company's exploration and production contractual commitments at June 30, 2025:

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 June 30, 2025, the Company had obligations under Letters of Credit ("LC's") outstanding totaling 3.1 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	AESC	Abandonment	621,158	April 14, 2026
	ANH	AESC	Financial Capacity	1,672,162	December 30, 2025
COR - 39	ANH	AESC	Compliance	100,000	December 30, 2025
OMBU	ANH	AESC	Financial Capacity	436,300	October 14, 2025
	ANH	AESC	Abandonment	265,782	August 28, 2025
Total				3,095,402	

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

The Company's principal operation is the production and sale of crude oil and natural gas. Fluctuations in prices of these commodities directly impact the Company's financial performance. 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 2025.

(b) Credit Risk

Credit risk reflects the risk of financial loss to the Company if a customer or counterparty to a contract fails to fulfill their contractual obligations. It arises mostly from the Company's cash balances and accounts receivable. The Company's cash balances are held with six counterparties, large reputable financial institutions, and management has therefore concluded that credit associated is low. 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 significant 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.

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 a non-GAAP measure and 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:

	June 30, 2025	December 31, 2024
Working capital	393,211	11,646,169

13. Segmented Information

The Company has two reportable operating segments: Colombia and Canada. The Canada segment is also considered the corporate segment. The following tables show information regarding the Company's segments for the six months ended as at June 30:

Three months ended June 30, 2025	Colombia	Canada	Total
Revenue:			
Oil Sales	17,718,580	-	17,718,580
Natural gas and liquid sales	-	230,688	230,688
Royalties	(2,065,186)	(15,144)	(2,080,330)
Expenses	(9,123,780)	(4,596,047)	(13,719,827)
Income taxes	(3,083,846)	-	(3,083,846)
Net income (loss)	3,445,768	(4,380,503)	(934,735)
Six months ended June 30, 2025	Colombia	Canada	Total
Revenue:			

Oil Sales	39,568,868	-	39,568,868
Natural gas and liquid sales	-	516,559	516,559
Royalties	(4,685,857)	(24,507)	(4,710,364)
Expenses	(21,034,908)	(6,154,438)	(27,189,346)
Income taxes	(6,456,688)	-	(6,456,688)
Net income (loss)	7,391,415	(5,662,386)	1,729,029
Capital expenditures for the period	24,425,024	1,725,362	26,150,386
Total Assets as at June 30, 2025	86,231,596	6,198,354	92,729,950
Total liabilities as at June 30, 2025	35,330,832	2,665,816	37,996,648

Three months ended June 30, 2024	Colombia	Canada	Total
Revenue:			
Oil Sales	17,062,022	-	17,062,022
Natural gas and liquid sales	-	105,121	105,121
Royalties	(2,040,580)	19,803	(2,020,777)
Expenses	(6,258,927)	(3,732,716)	(9,991,643)
Impairment loss	-	(1,542,000)	(1,542,000)
Income taxes	(2,364,898)	-	(2,364,898)
Net income (loss)	6,397,617	(5,149,792)	1,247,825

Six months ended June 30, 2024	Colombia	Canada	Total
Revenue:			
Oil Sales	33,129,313	-	33,129,313
Natural gas and liquid sales	-	431,472	431,472
Royalties	(4,012,959)	3,461	(4,009,498)
Expenses	(11,845,635)	(6,409,050)	(18,254,685)
Impairment loss	-	(1,542,000)	(1,542,000)
Income taxes	(5,330,051)	-	(5,330,051)
		(7,516,117)	
Net income (loss)	11,940,668		4,424,551
Capital expenditures for the period	15,240,088	6,648	15,246,736
Total Assets as at June 30, 2024	64,290,350	3,574,283	67,864,633
Total liabilities as at June 30, 2024	19,192,784	2,552,577	21,745,391

ARROW EXPLORATION CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS THREE AND SIX MONTHS ENDED JUNE 30, 2025

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 August 27, 2025 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 six months ended June 30, 2025 and 2024. Additional information relating to Arrow, including its annual consolidated financial statements and related notes as at and for years ended December 31, 2024 and 2023 (the "Annual Financial Statements"), is available under Arrow's profile on www.sedar.com.

Advisories

Basis of Presentation

The 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

are expressed in United States dollars; unless otherwise noted. Financial 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; 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, Carrizales Norte and Alberta Llanos structures 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 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.

principles, amount of, and estimating costs, not forming expectations extending from such measures.

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 June 30, 2025	Six months ended June 30, 2025	Three months ended June 30, 2024	Six months ended June 30, 2024
Net income (loss)	(934,735)	1,729,029	1,770,825	4,947,551
Add/(subtract):				
Share based payments	857,840	(243,630)	309,845	411,123
Financing costs:				
Accretion on decommissioning obligations	72,769	141,046	41,363	78,739
Interest	7,368	14,535	7,501	17,271
Other	3,197	3,197	108,773	307,837
Depreciation and depletion	3,179,694	9,700,662	2,738,894	6,270,668
Impairment loss	-	-	1,542,000	1,542,000
Income taxes, current and deferred	3,083,846	6,456,688	2,364,898	5,330,051
Adjusted EBITDA ⁽¹⁾	6,269,979	17,801,527	8,884,099	18,905,240
Cash flows provided by (used in) operating activities	(472,090)	13,958,094	7,134,370	15,716,658
Minus - Changes in non cash working capital balances:				
Trade and other receivables	738,499	(1,054,458)	710,871	411,317
Restricted cash	25,000	33,136	(83,766)	(427,512)
Taxes receivable	970,149	898,229	(230,531)	(66,453)
Deposits and prepaid expenses	(62,715)	(40,477)	(37,991)	114,972
Inventory	13,694	16,962	(445,693)	(445,785)
Accounts payable and accrued liabilities	4,497,564	1,974,550	8,603	305,814
Income taxes	(1,715,575)	(2,045,957)	(400,167)	(1,742,632)
Funds flow from operations ⁽¹⁾	3,994,525	13,740,079	6,655,696	13,866,379

⁽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 June 30, 2025	Six months ended June 30, 2025	Three months ended June 30, 2024
Total natural gas and crude oil revenues, net of royalties	15,868,938	35,375,063	15,146,366
Funds flow from operations ⁽¹⁾	3,994,525	13,740,079	6,655,696
Funds flow from operations ⁽¹⁾ per share -			
Basic ()	0.01	0.05	0.02
Diluted ()	0.01	0.05	0.02
Net income (loss)	(934,735)	1,729,029	1,247,825
Net income (loss) per share -			
Basic ()	(0.00)	0.01	0.00
Diluted ()	(0.00)	0.01	0.00
Adjusted EBITDA ⁽¹⁾	6,269,979	17,801,527	8,884,099
Weighted average shares outstanding -			
Basic ()	285,864,348	285,864,348	285,864,348
Diluted ()	295,209,883	294,655,197	292,536,147
Common shares end of period	285,864,348	285,864,348	285,864,348
Capital expenditures	14,771,206	26,150,386	8,965,408
Cash and cash equivalents	13,212,417	13,212,417	10,826,380
Current Assets	20,213,917	20,213,917	19,975,633
Current liabilities	19,820,706	19,820,706	13,318,516
Adjusted working capital ⁽¹⁾	393.211	393.211	6,657,117

Long-term portion of restricted cash ⁽²⁾	154,849	154,849	174,190
Total assets	92,729,950	92,729,950	67,864,633
Operating			
Natural gas and crude oil production, before royalties			
Natural gas (Mcf/d)	1,587	1,718	926
Natural gas liquids (bbl/d)	10	8	4
Crude oil (bbl/d)	3,493	3,631	2,387
Total (boe/d)	3,767	3,925	2,546
Operating netbacks (/boe) ⁽¹⁾			
Natural gas (/Mcf)	(1.45)	(1.21)	(1.25)
Crude oil (/bbl)	30.08	36.42	54.54
Total (/boe)	27.36	33.24	51.21

⁽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, and during 2024 Carrao changed its name to Arrow Exploration Switzerland GmbH.

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 June 30, 2025 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				
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
Ante Creek	Operated	2,560	100%	2,560
KEHO	Operated	8,163	100%	8,163
Total Canada		39,363		32,602
TOTAL		256,753		166,596

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 Iapir 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 June 30, 2025 Financial and Operational Highlights

- Arrow recorded 15,868,938 in revenues, net of royalties, on crude oil sales of 311,843 bbls, 916 bbls of natural gas liquids ("NGL's") and 144,417 Mcf of natural gas sales;
- Funds flow from operations of 3,994,5276;
- Net loss of 934,735 and adjusted EBITDA was 6,269,979;

RESULTS OF OPERATIONS

During Q2 2025, the Company's production has decreased due to natural declines and increasing water cuts across its fields in the Tapir block. Production growth is expected since the Company has developed water handling capability and executes on the 2025 budget. Nevertheless, the Company has maintained good operating results and healthy EBITDA.

Average Production by Property

Average Production Boe/d	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Oso Pardo	131	126	154	180	113	166
Ombu (Capella)	-	-	-	-	-	-
Rio Cravo Este (Tapir)	996	1,118	1,178	1,078	1,283	1,644
Carrizales Norte (Tapir)	2,070	2,321	3,153	2,784	991	622
Alberta Llanos	296	205	26	-	-	-
Total Colombia	3,493	3,770	4,511	4,042	2,387	2,432
Fir, Alberta	100	105	88	82	77	78
Pepper, Alberta	170	210	139	-	82	220
KEHO, Alberta	5	-	-	-	-	-
TOTAL (Boe/d)	3,768	4,085	4,738	4,124	2,546	2,730

The Company's average production for the three months ended June 30, 2025 was 3,768 boe/d which consisted of crude oil production in Colombia of 3,493 bbl/d, natural gas production of 1,587 Mcf/d, and minor amounts of natural gas liquids. The Company's Q2 2025 production was 48% higher than its Q2 2024 production and 7% lower than Q1 2025 due to natural declines and water handling capability.

Average Daily Natural Gas and Oil Production and Sales Volumes

Three months ended June 30		Six months ended June 30	
2025	2024	2025	2024

Natural Gas (Mcf/d)				
Natural gas production	1,587	926	1,718	1,343
Natural gas sales	1,587	926	1,718	1,343
Realized Contractual Natural Gas Sales	1,587	926	1,718	1,343
Crude Oil (bbl/d)				
Crude oil production	3,493	2,387	3,631	2,409
Inventory movements and other	(66)	181	(44)	93
Crude Oil Sales	3,427	2,569	3,587	2,502
Corporate				
Natural gas production (boe/d)	264	155	286	224
Natural gas liquids(bbl/d)	10	4	8	4
Crude oil production (bbl/d)	3,493	2,387	3,631	2,409
Total production (boe/d)	3,767	2,546	3,925	2,638
Inventory movements and other (boe/d)	(66)	181	(44)	93
Total Corporate Sales (boe/d)	3,701	2,728	3,881	2,731

(1) Royalties paid in kind reduce the Company's crude oil sales volumes

During the three and six months ended June 30, 2025, the majority of production was attributed to Colombia, where all of Company's blocks were producing, except for Capella.

Natural Gas and Oil Revenues

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Natural Gas				
Natural gas revenues	183,267	79,226	434,784	379,450
NGL revenues	47,421	25,894	81,775	52,022
Royalties	(15,144)	19,803	(24,507)	3,461
Revenues, net of royalties	215,544	124,924	492,052	434,933
Oil				
Oil revenues	17,718,580	17,062,022	39,568,868	33,129,313
Royalties	(2,065,186)	(2,040,580)	(4,685,857)	(4,012,959)
Revenues, net of royalties	15,653,394	15,021,442	34,883,011	29,116,354
Corporate				
Natural gas revenues	183,267	79,226	434,784	379,450
NGL revenues	47,421	25,894	81,775	52,022
Oil revenues	17,718,580	17,062,022	39,568,868	33,129,313
Total revenues	17,949,268	17,167,143	40,085,427	33,560,785
Royalties	(2,080,330)	(2,020,777)	(4,710,364)	(4,009,498)
Natural gas and crude oil revenues, net of royalties	15,868,938	15,146,366	35,375,063	29,551,287

Natural gas and crude oil revenues, net of royalties, for the three and six months ended June 30, 2025 were 15,868,938 and 35,375,063 (2024: 15,146,366 and 29,551,287), respectively, which represents an increase of 5% and 20 % when compared to 2024, respectively. The increase is mainly due to increased oil production in Colombia during 2025 when compared to 2024, increase in revenue in Canada, and the decrease from Q1 2025 is mainly due to natural declines and increased water cut in some wells located in the Tapir block.

Average Benchmark and Realized Prices

	Three months ended June 30			Six months ended June 30		
	2025	2024	Change	2025	2024	Change
Benchmark Prices						
AECO (C /Mcf)	1.72	1.20	43%	1.95	1.87	4%
Brent (/bbl)	69.80	83.00	(16%)	70.64	83.84	(16%)
West Texas Intermediate (/bbl)	63.70	80.55	(21%)	67.55	78.75	(14%)
Realized Prices						
Natural gas, net of transportation (/Mcf)	1.27	0.94	35%	1.40	1.55	(10%)
Natural gas liquids (/bbl)	51.76	69.96	(26%)	55.63	68.02	(18%)
Crude oil, net of transportation (/bbl)	56.87	72.99	(22%)	60.94	73.15	(17%)
Corporate average, net of transport (/boe)⁽¹⁾	53.33	69.39	(23%)	57.05	67.99	(16%)

(1) Non-IFRS measure

The Company realized prices of 53.33 and 57.05 per boe during the three and six months ended June 30, 2025 (2024: 69.39 and 67.99), due to overall decrease in oil prices during 2025 when compared to 2024, offset by increase in and natural gas prices, and increased production of heavier oil which is sold at larger discounts when compared to lighter oil.

Operating Expenses

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Natural gas & NGL's	377,245	204,106	786,123	510,330
Crude oil	6,283,602	2,271,476	11,231,323	4,034,263
Total operating expenses	6,660,847	2,475,582	12,017,446	4,544,593
Natural gas (/Mcf)	2.61	2.42	2.53	2.09
Crude oil (/bbl)	20.17	9.72	17.30	8.91
Corporate (/boe)⁽¹⁾	19.79	10.01	17.10	9.21

(1)Non-IFRS measure

During the three and six months ended June 30, 2025, Arrow incurred operating expenses of 6,660,847 and 12,017,446 (2024: 2,475,582 and 4,544,593), respectively. This increase in operating costs is mainly due to increased production in the Company's Carrizales Norte and Alberta Llanos fields, including trucking water production to disposal wells or third-party disposal facilities, and stimulation workovers. The Company has developed additional disposal wells and fields to bring down costs associated with water disposal.

Operating Netbacks

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Natural Gas (/Mcf)				
Revenue, net of transportation expense	1.27	0.94	1.40	1.55
Royalties	(0.10)	0.23	(0.08)	0.01
Operating expenses	(2.61)	(2.42)	(2.53)	(2.09)
Natural Gas operating netback⁽¹⁾	(1.44)	(1.25)	(1.21)	(0.52)
Crude oil (/bbl)				
Revenue, net of transportation expense	56.87	72.99	60.94	73.15
Royalties	(6.63)	(8.73)	(7.22)	(8.86)
Operating expenses	(20.17)	(9.72)	(17.30)	(8.91)
Crude Oil operating netback⁽¹⁾	30.07	54.54	36.42	55.38
Corporate (/boe)				
Revenue, net of transportation expense	53.33	69.39	57.05	67.99
Royalties	(6.18)	(8.17)	(6.70)	(8.12)
Operating expenses	(19.79)	(10.01)	(17.10)	(9.21)
Corporate Operating netback⁽¹⁾	27.36	51.21	33.24	50.66

⁽¹⁾Non-IFRS measure

The operating netbacks of the Company for the three and six months ended June 30, 2025 have been affected by decreases in crude oil and natural gas prices, and increasing operating costs from its Tapir fields, which have experienced increased water production and workovers. The Company has developed alternatives to replace trucking water for disposal with both disposal wells and aspersion fields to address the increase in water handling costs.

General and Administrative Expenses (G&A)

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
General & administrative expenses	4,275,419	3,875,274	7,260,394	6,812,387
G&A recovered from 3 rd parties	(504,051)	(161,697)	(607,036)	(416,888)
Total G&A	3,771,368	3,713,577	6,653,358	6,395,499
Cost per boe	11.21	15.01	9.47	12.96

For the three and six months ended June 30, 2025, G&A expenses before recoveries totaled 4,275,419 and 7,260,394 (2024: 6,812,387 and 3,875,274), respectively. G&A expenses were marginally increased when compared to Q2 2024 and, due to the Company's increased production, G&A expenses were reduced, on a per barrel basis, when compared to 2024.

Share-based Compensation

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Share-based payments	857,840	309,845	(243,630)	411,123

Share-based compensation for the three and six months ended June 30, 2025 totaled an expense of 857,840 and an income of 243,630 (2024: expense of 309,845 and 411,123), respectively due to fair market valuation of this obligation with a corresponding effect in stock based compensation liability.

Financing Costs

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Financing expense paid or payable	10,565	116,274	17,732	325,108
Non-cash financing costs	72,769	41,363	141,046	78,739
Net financing costs	83,334	157,637	158,778	403,847

The finance expense for 2025 is mostly related to lease obligation interest and financial transactions tax paid in Colombia. The non-cash finance cost represents the accretion in the present value of the decommissioning obligation for the period. 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 June 30		Six months ended June 30	
	2025	2024	2025	2024

Depletion and depreciation	3,179,694	3,261,894	9,700,662	6,793,668
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Depletion and depreciation expense for the three and six months ended June 30, 2025 totaled 3,179,694 and 9,700,662 (2024: 3,261,894 and 6,793,668), respectively. The Company uses the unit of production method and proved plus probable reserves to calculate its depletion and depreciation expense.

Income Tax Expense

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Current	1,017,164	2,713,664	2,895,081	5,218,949
Deferred	2,066,682	(348,766)	3,561,607	111,101
Total income tax expense	3,083,846	2,364,898	6,456,688	5,330,050

The Company recognized a net income tax expense of 3,083,846 and 6,456,688 (2024: 2,364,898 and 5,330,050). This increase is mainly caused by the continuous increase of the Company's net taxable income, especially in Colombia.

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. 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 June 30, 2025 the Company has a working capital of 393,211 which has allowed the company to use its operational cash flows to continue growing, despite volatility in energy commodity prices. As at June 30, 2025 the Company's net debt (net cash) was calculated as follows:

	June 30, 2025
Current assets	20,213,917
Less:	
Accounts payable and accrued liabilities	(17,249,293)
Income taxes payable	(2,319,559)
Net debt (Net cash) ⁽¹⁾	(645,065)

⁽¹⁾ Non-IFRS measure

Working Capital

As at June 30, 2025 the Company's adjusted working capital was calculated as follows:

	June 30, 2025
Current assets:	
Cash	13,212,417
Restricted cash and deposits	283,973
Trade and other receivables	2,775,757
Taxes receivable	3,555,155
Other current assets	386,615
Less:	
Accounts payable and accrued liabilities	(17,249,293)
Lease obligation	(59,298)
Income tax payable	(2,319,559)
Stock based compensation liability	(192,556)
Working capital⁽¹⁾	393,211

⁽¹⁾ Non-IFRS measure

Debt Capital

As at June 30, 2025 the Company does not have any outstanding debt balance. The Company has entered into a two-year crude prepayment agreement with an integrated energy major to market its oil production in Colombia. The agreement provides access to 20 million US in a revolving line of credit in year one and 15 million in year two. The interest rate is SOFR + 4% for the first 10 million and SOFR + 5% for amounts exceeding 10 million. As at June 30, 2025, no funds have been withdrawn from

Letters of Credit

As at June 30, 2025, the Company had obligations under Letters of Credit ("LC's") outstanding totaling 3.1 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	AESC	Abandonment	621,158	April 14, 2026
	ANH	AESC	Financial Capacity	1,672,162	December 30, 2025
CORE - 39	ANH	AESC	Compliance	100,000	December 30, 2025

OMBU	ANH	AESC	Financial Capacity	436,300	October 14, 2025
	ANH	AESC	Abandonment	265,782	August 28, 2025
Total				3,095,402	

Share Capital

As at June 30, 2025, the Company had 285,864,348 common shares and 18,118,890 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 June 30, 2025:

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

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, which represents the totality of the Company's current commitments.

SUMMARY OF THREE MONTHS RESULTS

	2025		2024				2023	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Oil and natural gas sales, net of royalties	15,868,938	19,506,125	22,873,626	21,300,115	15,146,366	14,404,921	13,406,513	13,990,353
Net income (loss)	(934,735)	2,663,764	2,081,956	6,668,493	1,247,825	3,176,727	(10,492,053)	7,153,120
Income (loss) per share - basic	(0.00)	0.01	0.01	0.02	0.00	0.01	(0.04)	0.03
diluted	(0.00)	0.01	0.01	0.02	0.00	0.01	(0.04)	0.02
Working capital (deficit)	393,211	11,036,334	11,646,169	9,622,125	6,657,117	9,520,829	8,669,114	10,822,475
Total assets	92,729,950	90,532,063	81,268,734	73,535,397	67,864,633	64,579,940	62,275,023	62,755,250
Net capital expenditures	14,771,206	11,379,180	8,928,725	6,945,779	8,965,408	6,281,329	10,471,447	5,471,561
Average daily production (boe/d)	3,767	4,085	4,738	4,124	2,638	2,730	2,666	2,518

The Company's oil and natural gas sales have increased 5% in Q2 2025 when compared to Q2 2024 due to increased production in its existing assets, despite decreased commodity prices, but decreased 19% when compared to Q1 2025 due to declines and increase in water cuts.

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 August 28, 2025 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	900,000	CAD 0.05	March 20, 2030
Stock options	900,000	CAD 0.05	April 13, 2030
Stock options	133,334	CAD 0.28	Dec. 9, 2024 and 2025
Stock options	416,668	CAD 0.26	Mar. 7, 2025 and 2026
Stock options	1,826,112	GBP 0.1675	June 21, 2024, 2025 and 2026
Stock options	50,000	GBP 0.1925	July 23, 2024, 2025 and 2026
Stock options	666,667	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 efficiently deployed the capital generated on successful drilling campaigns at Rio Cravo, Carrizales Norte and Alberta Llanos on the Tapir Block. These campaigns have translated into production growth and positive cashflows, providing Arrow with the funds required to expand its capital program. In 2025, the Company plans another year of production growth with a balanced program of both development and low risk exploration drilling on the Tapir Block. The Company has a strong balance sheet, with no debt and cash flow from operations which will fund the 2025 program.

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, 2024 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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