

Arrow Exploration Corp. 2023 Year-End Reserves and Operations Update

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BEFORE TAX NPV-10 VALUES INCREASED 133 % FOR 1P AND 120 % FOR 2P RESERVES,

1P AND 2P RESERVE REPLACEMENT RATIO WAS 340 % AND 621 % RESPECTIVELY

Calgary, March 28, 2024 - [Arrow Exploration Corp.](#) (AIM: AXL) (TSXV: AXL) ("Arrow" or the "Company") is pleased to announce the results of its 2023 year-end reserves evaluation by Boury Global Energy Consultants Ltd. ("BouryGEC") and an operations update.

All reserves volume figures stated below are on a Working Interest Gross Reserve basis. Currency amounts are in United States dollars (unless otherwise indicated) and comparisons refer to December 31, 2022.

Highlights

- Proved ("1P") reserves:
 - Increased by 57% to 5.29 million barrels of oil equivalent ("MMboe"), driven principally through the discovery of the Carrizales Norte field and successfully drilling the Rio Cravo Este field, both on the Tapir Block, Colombia; and
 - Net present value before tax, discounted at 10% ("NPV-10") is \$134.88 million (\$25.51/boe) for 1P reserves.
- Proved plus Probable ("2P") reserves:
 - Increased by 54% to 11.8 MMboe;
 - Before tax NPV-10 is \$280.22 million (\$23.66/boe) for 2P reserves.
- Proved plus Probable plus Possible ("3P") reserves:
 - Increased by 53% to 17.8 MMboe;
 - Before tax NPV-10 is \$445.02 million (\$24.98/boe) for 3P reserves.
- Before tax NPV-10 values have increased 133% for 1P and 120% for 2P, over year-end 2022, due to reserves growth and notwithstanding decreases in the oil price forecast used by BouryGEC at year-end 2023.
- 2023 Proved Developed Producing ("PDP") reserves decreased by 5.9% to 1.23 MMboe from 1.31 MMboe in 2022. This is mainly due to the Capella field being temporarily shut down. Nonetheless, PDP reserves represent 23% of 1P reserves, reflecting an attractive ratio of base production to low-risk drilling targets;
- Before tax NPV-10 per share of US\$0.47/share, US\$0.98/share, and US\$1.56/share for 1P, 2P, and 3P reserve categories, respectively;
- Find and Develop cost of US\$5.41/boe, US\$2.42/boe, and US\$1.61/boe for 1P, 2P, and 3P reserve categories, respectively;

- Reserves recycle ratio is at good levels of 5.1 for 1P, 9.2 for 2P and 12.9 for 3P; and
- The post tax NPVs set out in the BouryGEC report reflect changes in the Colombian tax regime during the year but not certain corporate tax shelters resulting from capital expenditures which do not have reserves implications, such as the Tapir 3D seismic project.

CEO Commentary

Marshall Abbott, CEO of Arrow, commented: "Our exciting growth story continues, backed by strong demand we are pleased to bring forward further material reserve increases from our extensive acreage in Colombia. Arrow delivered significant increases in volumes and pre-tax values of 1P, 2P and 3P reserves in 2023, due to the Carbonera and Ubaque discoveries at Carrizales Norte and successfully drilling at Rio Cravo Este, which exceeded expectations. Reserves replacement ratios amounted to 343% 1P and 624% 2P. We are pleased with the results of the BouryGEC reserves evaluation, which reinforces the significant value of our Colombian and Canadian assets.

"The BouryGEC 2023 report does not take into account the current drilling campaign at Carrizales Norte where CN-5, CN-6 and CN-7, drilled in Q1 2024, are in various phases of development. CN-8 will spud within the next few weeks to test a material extension to the north of the existing Carrizales Norte development. Given the encouraging results to date, we expect further reclassifications and increases in reserves.

"Furthermore, the imminent drilling of the Carrizales Norte horizontal wells into the thick Ubaque reservoir, if successful, is expected to result in a step change in production and lead to booking of substantial additional reserves.

"Arrow's prospect inventory is multifaceted and supports the hydrocarbon density of the Tapir block in the fertile Llanos Basin. We look forward to a successful drilling campaign on a fully funded \$45MM capital budget that is weighted towards infill and development wells."

2023 Year-End Reserves Summary

Management has presented below a summary of Arrow's reserves as at December 31, 2023, on a working interest gross reserves basis, which have been estimated by BouryGEC, an independent qualified reserves evaluator, in a reserves report with an effective date of December 31, 2023. The figures in the following tables have been prepared in accordance with the standards contained in the most recent publication of the Canadian Oil and Gas Evaluation Handbook (the "COGEH") and the reserves definitions contained in National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). In addition to the summary information disclosed in this announcement, more detailed information will be included in Arrow's annual reserves evaluation for the year ended December 31, 2023 to be filed on SEDAR (www.sedar.com) and posted on Arrow's website (www.arrowexploration.ca).

After tax values have been calculated without taking into account the tax shelter created by capital spending on projects that do not have reserve values associated with them, such as the Tapir 3D seismic project, drilling at Carrizales Norte and annual G&A. Spending on these projects will provide a tax shelter and result in a reduction in future income tax payments.

Brent Crude Oil Price and AECO Gas Price Forecasts in BouryGEC Reserves Evaluation

Year-End Forecast:	2024	2025	2026	2027	2028	2029	2030
Brent (US\$/bbl) - Dec. 31, 2023	\$78.00	\$80.00	\$81.00	\$82.50	\$84.50	\$85.50	\$87.21
AECO-C Spot (C\$/MMbtu)	C\$2.08	C\$3.30	C\$4.27	C\$4.34	C\$4.30	C\$4.42	C\$4.53

Year-End Working Interest Gross Reserves - Breakdown by Category and Country (Mboe)

	2023	2022	Change	% Change
Proved developed producing	1,239	1,318	(80)	-6%
- Colombia assets (core)	1011	665		

- Colombia assets (non-core)	0	178		
- Canada assets	228	475		
Proved developed non-producing	714	26	688	2646%
- Colombia assets (core)	503	0		
- Colombia assets (non-core)	211	26		
- Canada assets	0	0		
Proved undeveloped	3,339	2,032	1307	64%
- Colombia assets (core)	1,757	453		
- Colombia assets (non-core)	1,582	1,579		
- Canada assets	0	0		
Total Proved	5,292	3,376	1915	57%
Probable	6,555	4,315	2241	52%
- Colombia assets (core)	3,292	1,003		
- Colombia assets (non-core)	2,762	2,765		
- Canada assets	501	546		
Total Proved plus Probable	11,847	7,692	4156	54%
Possible	5,972	3,989	1983	50%
- Colombia assets (core)	4,349	2,224		
- Colombia assets (non-core)	1,435	1,513		
- Canada assets	174	252		
Total Proved plus Probable & Possible	17,805	11,680	6139	53%

Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

(1) "Core" assets include Arrow's share of reserves in the Tapir Block (including Mateguafa) and the Santa Isabel Block (Oso Pardo). Arrow's 50% interest in the Tapir Block is contingent on the assignment by Ecopetrol SA of such interest to Arrow. 1P Reserves relate to the Tapir license to 2028, 2P reserves relate to the Tapir license to 2033 and 3P reserves relates to the Tapier license to 2038.

(2) "Non-core" assets include the Ombu Block (which includes the Capella Field)

(3) "Canada" assets include Fir and Pepper

Year-End Net Present Value at 10% - Before Tax (\$ Thousands)

Category	2023	2022	% Change
Proved			
Developed Producing	46,021	32,092	43%
Non-Producing	16,544	357	4537%
Undeveloped	72,310	25,458	184%
Total Proved	134,875	57,906	133%
Probable	145,348	69,440	109%
Total Proved plus Probable	280,223	127,346	120%
Possible	164,793	78,471	110%
Total Proved plus Probable & Possible	445,016	205,817	116%

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Year-End Net Present Value at 10% - After Tax (\$ Thousands)

Category	2023	2022	% Change
Proved			
Developed Producing	34,255	19,509	76%
Non-Producing	11,137	269	4040%
Undeveloped	33,270	9,092	266%
Total Proved	78,662	28,871	172%
Probable	73,113	28,618	155%

Total Proved plus Probable	151,775 57,489 164%
Possible	85,323 32,033 75%
Total Proved plus Probable & Possible	237,098 89,522 132%

Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

Forecast Revenues and Costs - Undiscounted (\$ millions)

Category	Revenue (3)	Royalties	Operating Cost (2)	DC	Abandonment & Reclamation	BT Future Net Revenue (1)	Income Taxes	AT Future Net Revenue (1)
Total Proved	295.9	30.2	51.0	46.0	6.4	162.3	65.7	96.6
Total Proved plus Probable	657.4	68.7	110.2	91.0	9.6	378.0	166.2	211.7
Total Proved plus Probable & Possible	1,052.8	116.8	173.2	104.8	11.5	646.5	290.4	356.0

Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

- (1) BT = Before Taxes and AT = After Taxes
(2) Operating Cost less processing and other income
(3) Revenue includes Petrolco Income

2023 Year-End Working Interest Gross Reserves Reconciliation (Mboe)

	Total Proved	Total Proved plus Probable	Total Proved plus Probable & Possible
31-Dec-22	3,376	7,692	11,680
Technical Revisions	2805	4877	7115
Economic Factors	-97	71	-198
Production	-792	-792	-792
31-Dec-23	5,292	11,847	17,805

Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

Operations Update

CN-5

The CN-5 well was spud on February 8, 2024, and reached target depth on February 14, 2024. CN-5 was the first well drilled into the west Carrizales Norte field and results from this well have confirmed the productive potential of the multi-pool field. The well was drilled to a total measured depth of 9,205 feet (8,715 feet true vertical depth) and encountered a thick hydrocarbon-bearing interval in the Ubaque formation.

Arrow completed the final test on the CN-5 well in the Ubaque formation which has approximately 45 feet of net oil pay. The pay zone is a clean sandstone exhibiting consistent 25% porosity (permeability of 5 to 6 Darcies) and high resistivities. An electric submersible pump (ESP) has been inserted in the well after perforating.

The well was perforated in the top 12 feet of the Ubaque formation and initial flow rates were very encouraging.

The oil from the CN-5 well has an API gravity of 13.6°. The ESP is being restricted at the lowest setting of

30Hz with a choke size of 48/128 to properly evaluate the water cut. Currently, the well is being produced at an average rate of 350 BOPD gross (175 BOPD net) with a water cut of 8%.

The testing results indicate the well is capable of higher rates and the longer term flow rate will be determined in the first weeks of production. Gradual production ramp up is intended to prevent premature water breakthrough and adds to ultimate oil recovery.

Initial production results are not necessarily indicative of long-term performance or ultimate recovery.

CN-6

The Company spud the CN-6 well on February 26, completed it in the Carbonera C7 formation, and has been put into production. The well penetrated a 16 ft pay zone in a high quality upper Carbonera C7 sand, with a porosity of 27%. The well is currently flowing, with an ESP, at 220 BOPD gross (110 BOPD net) of 33.2° API gravity. Water cut for the CN-6 well tested at 71%. As reservoir stewards, the Company will conservatively produce at rates that allow for maximum oil recoveries and optimal production rates.

Initial production results are not necessarily indicative of long-term performance or ultimate recovery.

The Ubaque and Gacheta formation were not tested in the CN-6 well.

CN-7 and Pads Construction

CN-7 was spud on March 19 and has reached total depth of 9,847 feet. Well logs are very encouraging and confirm pay zones in the Carbonera, Gacheta and Ubaque formations. The well will be put on-stream in the next few weeks. The rig will then be skidded 25 meters to the CN-8 location which is targeting a material extension northward in the Carbonera C-7, Gacheta and Ubaque reservoirs.

Construction continues on the CN B Pad (horizontal pad) and the Baquiano pad. The CN B pad is now ready to receive a drilling rig. Arrow expects the Baquiano pad will be ready in April with the expectation that it will spud in Q3 2024.

Arrow expects to spud the first horizontal well from the CN B Pad in Q2 2024 to further develop the Ubaque reservoir in the Carrizales Norte field. Current projections are that horizontal wells will take approximately one month to drill and put on production.

Oso Pardo

The Company has decided to defer its stimulation plans in the Oso Pardo wells to prioritize time and resources in the Tapir drilling program. Further updates will be provided when available.

Production and Cash Balance

The Company's current production is approximately 2,900 boe/d. The company has experienced some minor production disruptions caused by drilling operations at the CN field development and water disposal requirements at the RCE field. These minor disruptions are expected to be resolved quickly.

The Capella field, where Arrow has a non-operated 10% interest producing net approximately 280 BOPD, continues to be offline. After discussions with the Operator, the Company hopes that partial production will resume in Q3, 2024.

Arrow currently has approximately \$12 million cash in the bank and no debt. The Company expects that the remainder of the 2024 capital program will be funded by cash on hand and operating cash flow.

Qualified Person's Statement

The technical information contained in this announcement has been reviewed and approved by Grant Carnie, senior non-executive director of [Arrow Exploration Corp.](#) Mr. Carnie is a former member of the Canadian Society of Petroleum Engineers, holds a B.Sc. in Geology from the University of Alberta and has over 35 years' experience in the oil and gas industry.

Cautionary Statement

The recovery, reserve estimates and future net revenue provided in this news release are estimates only, and there is no guarantee that the estimated reserves will be recovered nor represent fair market value. Actual reserves may eventually prove to be greater than, or less than, the estimates provided herein. In certain of the tables set forth above, the columns may not add due to rounding.

This press release contains various references to the abbreviation "BOE" which means barrels of oil equivalent. Where amounts are expressed on a BOE basis, natural gas volumes have been converted to oil equivalence at six thousand cubic feet (Mcf) per barrel (bbl). The term BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet per barrel 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").

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

Reserves Categories

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on analysis of drilling, geological, geophysical and engineering data; the use of established technology; and specified economic conditions which are generally accepted as being reasonable and shall be disclosed.

"Proved Developed Producing Reserves" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

"Proved Developed Non-Producing Reserves" are those reserves that either have not been on production or have previously been on production but are shut-in and the date of resumption of production is unknown.

"Proved Undeveloped Reserves" are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves category (proved, probable, possible) to which they are assigned.

"Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable.

"Probable" reserves are those additional reserves that are less certain to be recovered than Proved reserves but more certain to be recovered than Possible reserves.

"Possible" reserves are those additional reserves that are less likely to be recoverable than Probable reserves.

Forward-Looking Statements

This news release contains certain statements or disclosures relating to Arrow that are based on the expectations of its management as well as assumptions made by and information currently available to Arrow which may constitute forward-looking statements or information ("forward-looking statements") under applicable securities laws. All such statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that Arrow anticipates or expects may, could or will occur in the future (in whole or in part) should be considered forward-looking statements. In some

cases, forward-looking statements can be identified by the use of the words "continue", "expect", "opportunity", "plan", "potential" and "will" and similar expressions. The forward-looking statements contained in this news release reflect several material factors and expectations and assumptions of Arrow, including without limitation, Arrow's evaluation of the impacts of COVID-19, the potential of Arrow's Colombian and/or Canadian assets (or any of them individually), the prices of oil and/or natural gas, and Arrow's business plan to expand oil and gas production and achieve attractive potential operating margins. Arrow believes the expectations and assumptions reflected in the forward-looking statements are reasonable at this time but no assurance can be given that these factors, expectations and assumptions will prove to be correct.

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

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

Glossary

Bbl/d: Barrels per day

\$/Bbl: Dollars per barrel

Mcf/d: Thousand cubic feet of gas per day

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

Boe/d: Barrels of oil equivalent per day

\$/Boe: Dollars per barrel of oil equivalent

PDP: Proved Developed Producing

1P: Proved Reserves

2P: Proved plus Probable Reserves

3P: Proved plus Probable plus Possible Reserves

Mboe: Thousands of barrel of oil equivalent

MMbtu: Millions btu

MMboe: Millions of barrels of oil equivalent

Mbtu: Thousands btu

Mboe: Thousands of barrels of oil equivalent

Working Interest Gross Reserves: The reserves attributable to the Company's license working interest pre-taxes and royalties

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