

Arrow Announces Third Ubaque Horizontal Well Results and Q2 2024 Interim Results

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CNB HZ-4 on production

Calgary, August 29, 2024 - [Arrow Exploration Corp.](#) (AIM: AXL) (TSXV: AXL) ("Arrow" or the "Company"), the high-growth operator with a portfolio of assets across key Colombian hydrocarbon basins, is pleased to provide an update on operational activity and announces 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, 2024 which are available on SEDAR (www.sedarplus.ca) and will also be available shortly on Arrow's website at www.arrowexploration.ca.

CNB HZ-4

The third horizontal well on the Carrizales Norte "B" pad (CNB HZ-4) is now on production and exceeding expectations. The well has a current flow rate exceeding 2,500 BOPD gross (1,250 BOPD net to Arrow) and production is continuing to increase. Currently the well has an 8% water cut while still recovering load fluid. Management's expectations are that the CNB HZ-4 well will reach IP production rates similar to the Company's first two horizontal wells. Please note initial production flows are not necessarily indicative of long-term performance or ultimate recovery and a stabilized production rate will be determined in the first few weeks of operations, in keeping with conservative reservoir management. Further updates will be provided in due course.

CNB HZ-4 was spud on July 28, 2024, and reached a target depth of 8,452 feet (true vertical depth) on August 12, 2024. The well was drilled to a total measured depth of 13,335 feet with a horizontal section of approximately 3,940 feet. CNB HZ-4 came on production on August 26, 2024, with the use of an electric submersible pump (ESP) and, based on initial results, has displayed comparable reservoir characteristics as CNB HZ-1.

CNB HZ-3

The CNB HZ-3 is continuing to perform above expectations and is being restricted to a current flow rate of 1,920 BOPD gross (960 BOPD net) with approximately 31% water cut. CNB HZ-3 average production for the first 30 days of production (IP30) was 2,212 BOPD gross (1,106 BOPD net). The well is being restricted to optimize reservoir performance and ultimate recovery.

CNB HZ-1

The CNB HZ-1 is continuing to perform above expectations and is being restricted to a current flow rate of 2,090 BOPD gross (1,045 BOPD net) with approximately 41% water cut. CNB HZ-1 average production for the first 60 days of production (IP60) was 2,375 BOPD gross (1,188 BOPD net).

Drilling Technology

Drilling metrics continue to improve in the horizontal program regarding both time and cost. The improvements reflect the learnings taken from CNB HZ-1 and CNB HZ-3 as the operations team continues to focus on improving capital and operating costs and creating further shareholder value.

The CNB HZ-4 is the first Arrow well to use Autonomous Inflow Control Devices (AICDs) which are designed to limit the water cut in horizontal wells. The results of CNB HZ-4 will be closely monitored to determine if these technologies or others will enhance production and ultimate recovery in the Ubaque reservoir.

Upcoming Drilling

The rig has been moved to the fifth cellar on the Carrizales Norte B Pad where the Company spud the fourth horizontal well (CNB HZ-5) on August 22. Thereafter, the Company expects to drill two more horizontal wells

on the B pad, followed by the Chorreron-1 (formerly known as Baquiano-1) exploration well, which is on trend with the Carrizales Norte field.

Corporate Update

Current net corporate production is approximately 5,000 BOE/D, inclusive of CNB HZ-1, CNB-3 and CNB HZ-4.

Arrow's cash position was approximately \$12 million on August 1, 2024. Arrow has maintained a healthy balance sheet with no debt.

Q2 2024 Highlights:

- Successfully drilled three development Carrizales Norte (CN) wells, including the first horizontal well.
- Recorded \$15.1 million of total oil and natural gas revenue, net of royalties, representing a 47% increase when compared to the same period in 2023 (Q2 2023: \$10.3 million).
- Net income of \$1.2 million (Q2 2023: loss of \$0.8 million).
- Adjusted EBITDA⁽¹⁾ of \$8.9 million, a 53% increase when compared to 2023 (Q2 2023: \$5.8 million).
- Average corporate production of 2,546 boe/d (Q2 2023: 2,169 boe/d).
- Realized corporate oil operating netbacks⁽¹⁾ of \$51.21/bbl.
- Cash position of \$10.8 million at the end of Q2 2024.
- Generated H1 2024 operating cashflows of \$15.7 million (H1 2023: \$7.4 million).
- Recognized an impairment in its Canadian oil & gas properties for \$1.5 million due to low natural gas prices.

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

Post Period End Highlights:

- Drilled three additional CN wells, including two horizontal wells and one disposal well.
- Spud the CNB HZ-5 from the CNB pad. The Company expects to be able to provide an update on the production figures for CNB HZ-5 in the coming weeks.

Outlook:

- Continuing with the balanced delivery of the 2024 capital program, the majority of which will be focused on the Carrizales Norte field and will include additional horizontal wells.
- Low risk exploration well planned at the Chorreron prospect.
- The remaining 2024 capital program will be self-funded by a combination of cash flow from operations and cash reserves.

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

"The horizontal well program at the CNB pad continues to exceed expectations, and the Company now plans to drill two additional horizontal wells before moving to the Chorreron prospect (formerly named Baquiano). This will result in a total of six horizontal wells at Carrizales Norte in 2024 with additional horizontal wells being planned for 2025. The Arrow team continues to reduce the time and costs needed to drill horizontal

and vertical wells, using internally generated development drilling and completion strategies.

"Arrow experienced material growth in production, revenue and earnings in Q2 2024 compared to Q2 2023. This growth was achieved while preparing for the highly successful horizontal well program at Carrizales Norte. This included the Q1 and Q2 Carrizales Norte vertical well program to delineate the Ubaque reservoir, as well as preparing pads, roads, oil transportation and water disposal infrastructure.

"Arrow's focus for the remainder of 2024 will be the completion of the six well horizontal well program at Carrizales Norte as well as a low-risk exploration well at the Chorreron prospect. A second rig is being evaluated to begin development drilling at the RCE field towards the end of 2024.

"In 2025, Arrow plans another aggressive capital program focused on production growth and exploration. Arrow plans to drill low risk exploration wells at Mateguafa Oeste, Capullo, and Mateguafa Attic. The Company is also targeting further horizontal Ubaque and vertical C7 development drilling at Carrizales Norte, and Chorreron, if successful, and the drilling of development vertical wells at Rio Cravo Este in 2025.

"This enhanced capital program underlies the prolific setting of the Tapir Block in the Llanos Basin in Colombia. The block displays significant hydrocarbon density in multiple oil-bearing zones down to 10,000 feet total depth."

FINANCIAL AND OPERATING HIGHLIGHTS

(in United States dollars, except as otherwise noted)	Three months ended June 30, 2024	Six months ended June 30, 2024	Three months ended June 30, 2023
Total natural gas and crude oil revenues, net of royalties	15,146,366	29,551,287	10,200,000
Funds flow from operations ⁽¹⁾	6,655,696	13,866,379	3,270,000
Funds flow from operations ⁽¹⁾ per share -			
Basic (\$)	0.02	0.05	0.01
Diluted (\$)	0.02	0.05	0.01
Net income (loss)	1,247,825	4,424,551	(757,000)
Net income (loss) per share -			
Basic (\$)	0.00	0.02	(0.00)
Diluted (\$)	0.00	0.02	(0.00)
Adjusted EBITDA ⁽¹⁾	8,884,099	18,905,240	5,830,000
Weighted average shares outstanding -			
Basic (\$)	285,864,348	285,864,348	230,000,000
Diluted (\$)	292,536,147	292,867,527	295,000,000
Common shares end of period	285,864,348	285,864,348	234,000,000
Capital expenditures	8,965,408	15,246,736	6,870,000
Cash and cash equivalents	10,826,380	10,826,380	10,826,380
Current Assets	19,975,633	19,975,633	15,100,000
Current liabilities	13,318,516	13,318,516	17,500,000
Adjusted working capital ⁽¹⁾	6,657,117	6,657,117	6,340,000
Long-term portion of restricted cash ⁽²⁾	174,190	174,190	703,000
Total assets	67,864,633	67,864,633	56,300,000
Operating			
Natural gas and crude oil production, before royalties			
Natural gas (Mcf/d)	926	1,343	2,310
Natural gas liquids (bbl/d)	4	4	3
Crude oil (bbl/d)	2,387	2,409	1,770
Total (boe/d)	2,546	2,638	2,160
Operating netbacks (\$/boe) ⁽¹⁾			
Natural gas (\$/Mcf)	(\$1.25)	(\$0.52)	(\$0.50)
Crude oil (\$/bbl)	\$54.54	\$55.38	\$53.00
Total (\$/boe)	\$51.21	\$50.66	\$44.00

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

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

DISCUSSION OF OPERATING RESULTS

The Company continued increasing its production from new wells at CN which allowed the Company to continue to improve its operating results and EBITDA. There has been a decrease in the Company's natural gas production in Canada due to shut in of wells and natural declines.

Average Production by Property

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

The Company's average production for the three months ended June 30, 2024 was 2,546 boe/d, which consisted of crude oil production in Colombia of 2,387 bbl/d, natural gas production of 926 Mcf/d, and minor amounts of natural gas liquids from the Company's Canadian properties. The Company's Q2 2024 production, which only included a few weeks' production from the first horizontal well at Carrizales Norte, was 7% lower than its Q1 2024 production and 17% higher when compared to Q2 2023.

DISCUSSION OF FINANCIAL RESULTS

During Q2 2024 the Company continued to realize good oil prices, offset by lower gas prices, as summarized below:

	Three months ended June 30		
	2024	2023	Change
Benchmark Prices			
AECO (C\$/Mcf)	\$1.20	\$2.46	(51%)
Brent (\$/bbl)	\$83.00	\$74.98	11%
West Texas Intermediate (\$/bbl)	\$80.55	\$73.75	9%
Realized Prices			
Natural gas, net of transportation (\$/Mcf)	\$0.94	\$1.96	(52%)
Natural gas liquids (\$/bbl)	\$69.96	\$55.33	26%
Crude oil, net of transportation (\$/bbl)	\$72.99	\$67.69	8%
Corporate average, net of transport (\$/boe) ⁽¹⁾	\$69.39	\$57.89	20%

⁽¹⁾Non-IFRS measure

OPERATING NETBACKS

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

	Three months ended June 30	
	2024	2023
Natural Gas (\$/Mcf)		
Revenue, net of transportation expense	\$0.94	\$1.96
Royalties	\$0.23	\$0.20
Operating expenses	(\$2.42)	(\$2.21)
Natural Gas operating netback ⁽¹⁾	(\$1.25)	(\$0.05)
Crude oil (\$/bbl)		
Revenue, net of transportation expense	\$72.99	\$67.69

Royalties	(\$8.73)	(\$8.46)
Operating expenses	(\$9.72)	(\$5.59)
Crude Oil operating netback ⁽¹⁾	\$54.54	\$53.64
Corporate (\$/boe)		
Revenue, net of transportation expense	\$69.39	\$57.89
Royalties	(\$8.17)	(\$6.76)
Operating expenses	(\$10.01)	(\$6.92)
Corporate Operating netback ⁽¹⁾	\$51.21	\$44.21

⁽¹⁾Non-IFRS measure

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

During Q2 2024, the Company incurred \$8.9 million of capital expenditures, primarily in connection with the drilling of three additional CN wells in the Tapir block. This accelerated tempo is expected to continue during the remainder of 2024, funded by cash on hand and cashflow.

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About Arrow Exploration Corp.

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

Forward-looking Statements

This news release contains certain statements or disclosures relating to Arrow that are based on the

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

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

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

Glossary

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

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