HALF YEAR FINANCIAL REPORT
31 DECEMBER 2018

ABN 49 112 609 846

Directors

Dr Frazer Tabeart	Non-Executive Chairman
Nicholas Ong	Non-Executive Director
Steven Michael	Managing Director

Company Secretary

Matthew Foy

Registered Office

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Auditors

Pitcher Partners BA&A Pty Ltd
Level 11, 12-14 The Esplanade
Perth WA 6000

Bankers

National Australia Bank Limited
Level 14, 100 St Georges Terrace
Perth WA 6000

Share Registry

Advanced Share Registry Service
110 Stirling Highway
Nedlands WA 6009

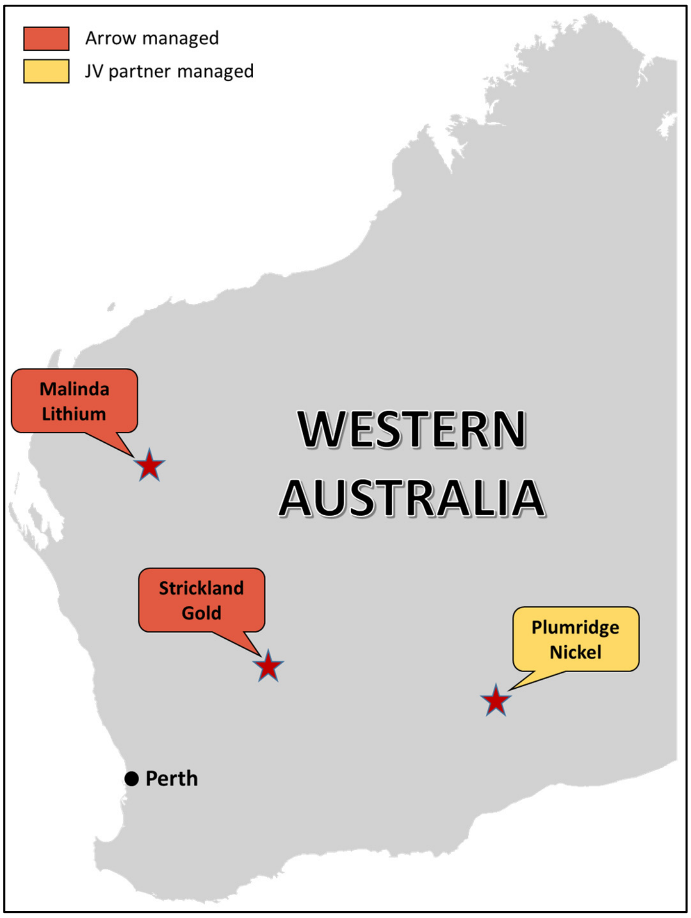
Stock Exchange Listing

The Company is listed on the Australian Securities Exchange Limited (**ASX**)

ASX Code:	AMD
	AMDOA

Directors' Report

REVIEW OF OPERATIONS



Exploration during the half year focussed on the Strickland Gold Project, where the Company completed shallow aircore and fence line drilling at the T1, T2 and T6 Prospects.

Drilling at the T1a and T1b Prospects intersected bedrock gold mineralisation in multiple structures ranging from 2 – 3km in strike length. Aircore drill hole BARAC0945 intersected 3m @ 0.9g/t from 27m, immediately along strike from previous drill intercepts of 15m @ 1.5g/t and 3m @ 6.7g/t.

Shallow fence line drilling at the T2d Prospect was completed in late December 2018, along a 3km gold-in-soil anomaly overlying a sheared granite. Gold mineralisation was intersected in the majority of drill holes along the prospective structure.

An induced polarisation and resistivity survey at the T1a and T2b Prospects produced three discrete, high-priority anomalies within 150m of surface, adjacent to areas of known gold mineralisation.

Drilling at the T6 Prospect focused on a 3km-long mineralised corridor at T6c. Drilling over the central and southern portion of the corridor returned significant gold intersections, including 4m @ 8.5g/t and 3m @ 7.1g/t.

At the Malinda Lithium Project, Arrow extended its exploration target areas to the north and east of previously identified lithium-tantalum bearing pegmatites. A total of 217 rock chips were collected up to 2km from the potential source granite intrusion. The rock chips returned significant tantalum grades, with 79 samples grading over 150ppm Ta_2O_5, including the highest value recorded at the project to date of 1,673ppm Ta_2O_5.

A geochemical review of the rock chip data shows a strongly developed niobium/tantalum fractionation trend from the south-west extending to the north and north-east, indicating the granite intrusion may continue at depth. In addition, mineralised pegmatites were identified under shallow cover to the north and north-east of the previously identified pegmatites.

At the Plumridge Nickel Project, Arrow's joint venture partner, Independence Group NL, drilled 368 aircore holes for 15,328m (average depth 42m) on a 3km x 800m grid to provide a detailed understanding of the underlying bedrock. Drilling has identified mafic/ultramafic intrusions with cumulate textures. Petrographic analysis of bottom-of-hole aircore chips has confirmed magmatic sulphides, including pentlandite and chalcopyrite. Ground EM surveys have defined three high-priority EM targets for RC drilling in 2019.

Arrow also completed the sale of its remaining 49% interest in the Pilbara Gold Project to Pacton Gold Inc. (TSXV: PAC) (**Pacton**) for consideration of C$1.0 million in cash and 2.0 million Pacton shares. At the end of the period, the market value of Arrow's investment in Pacton was $1.3 million.

STRICKLAND GOLD PROJECT

Eastern Goldfields, Western Australia

The Strickland Gold Project covers 1,200km^2 of highly prospective greenstone belts, 100km west of Menzies and 180km north of Southern Cross in the Eastern Goldfields of Western Australia. The Project covers over 150 strike kilometres of the Evanston, South Elvire and Yerilgee Greenstone Belts which straddle the Evanston and un-named Yerilgee Shear Zones (***Figure 1***).

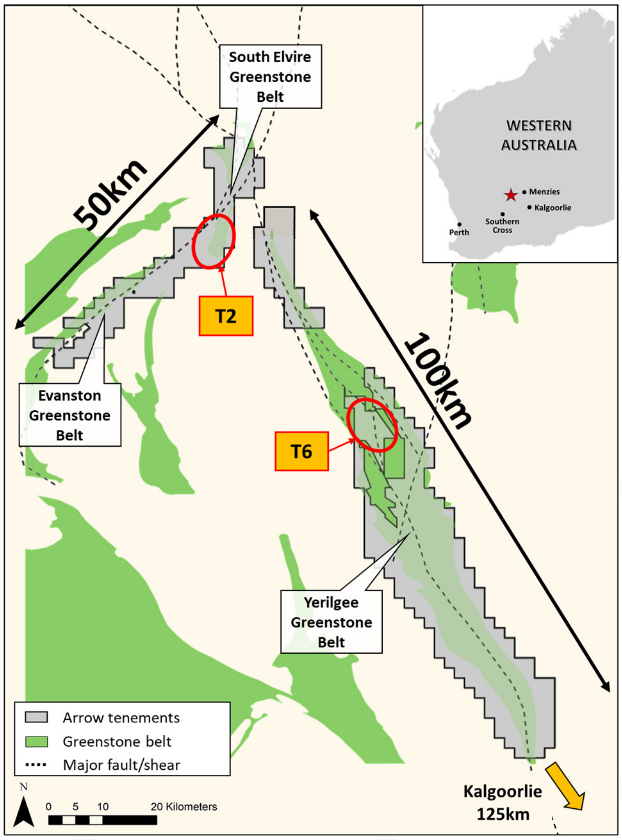


Figure 1: Strickland Gold Project location map

During the half year period, Arrow completed shallow aircore drilling at the T1, T2 and T6 Prospects. The drill programmes were designed to follow up areas of significant gold mineralisation from reconnaissance drilling in 2017 and 2018. Fence-lines were drilled across prospective mineralised structures defined by previous aircore drilling, close spaced soil sampling, high-resolution aeromagnetic data and prospect scale geological mapping.

In addition to the fence-line drilling programme, Arrow completed an IP and resistivity survey at the T1a and T2b Prospects, an 800m x 400m ground gravity survey and detailed aeromagnetic surveys over the southern portion of the Yerilgee Greenstone Belt. Arrow now has significant project-wide datasets, including geochemistry (BLEG and soil sampling), detailed geological and structural mapping, high-resolution aeromagnetic imagery and ground gravity data. These integrated datasets will enable Arrow to continue to identify and explore high-priority targets.

T1 Prospect

During the period a total of 412 shallow holes were drilled for 5,254m (av. hole depth 13m) on a 400m x 40m spacing over the majority of the T1a and T1b prospects (***Figure 2***), within the Evanston greenstone belt, along strike from the historical Evanston Gold Mine. The drill programme succeeded in:

- testing the extent of two 3.5km x 1.0km gold-in-soil anomalies;
- defining underlying geology and potential structural controls; and
- delineating bedrock gold anomalism at the base of weathering (saprolite/fresh rock interface).

The aircore drilling programme defined key mineralised structural corridors at T1a and T1b and identified prospective lithostructural features for follow up drill testing. In addition, drilling at the T1a Prospect continues to produce significant drill intercepts with aircore hole BARAC0945 intersecting 33m @ 0.3g/t from 0m, including 3m @ 0.9g/t from 27m. This intercept is immediately along strike from BARAC0136 which last year intersected 15m @ 1.5g/t including 3m @ 6.7g/t from 12m depth (***Figure 3***).

In addition to the aircore drilling programme, detailed mapping and litho-structural interpretation has been ongoing at T1, which has significantly enhanced the understanding of the underlying geology and structural controls on gold anomalism and mineralisation and constrained broad surface geochemical anomalies into discrete bedrock targets.

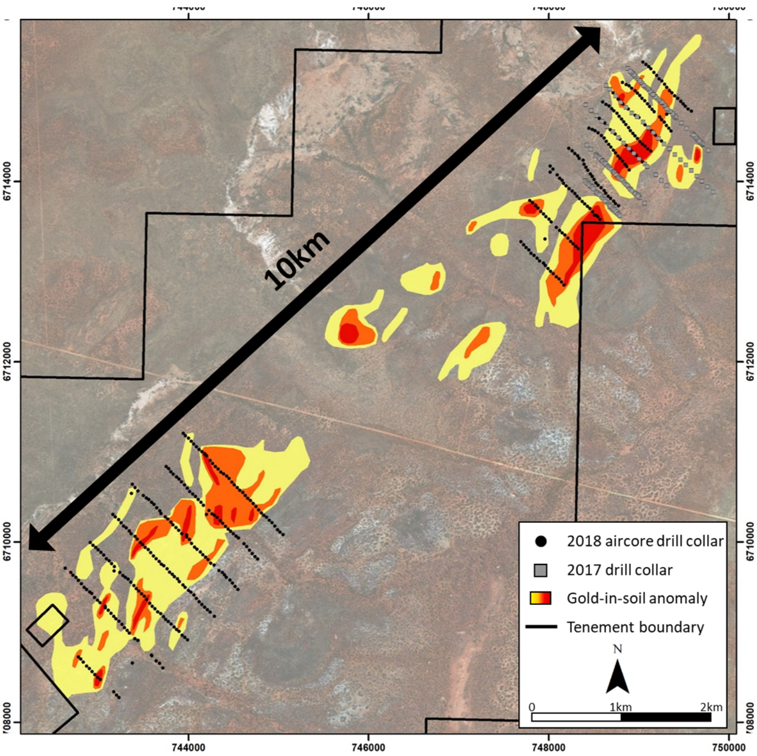


Figure 2: T1 Prospect – plan view showing gold-in-soil anomalies and drill collars

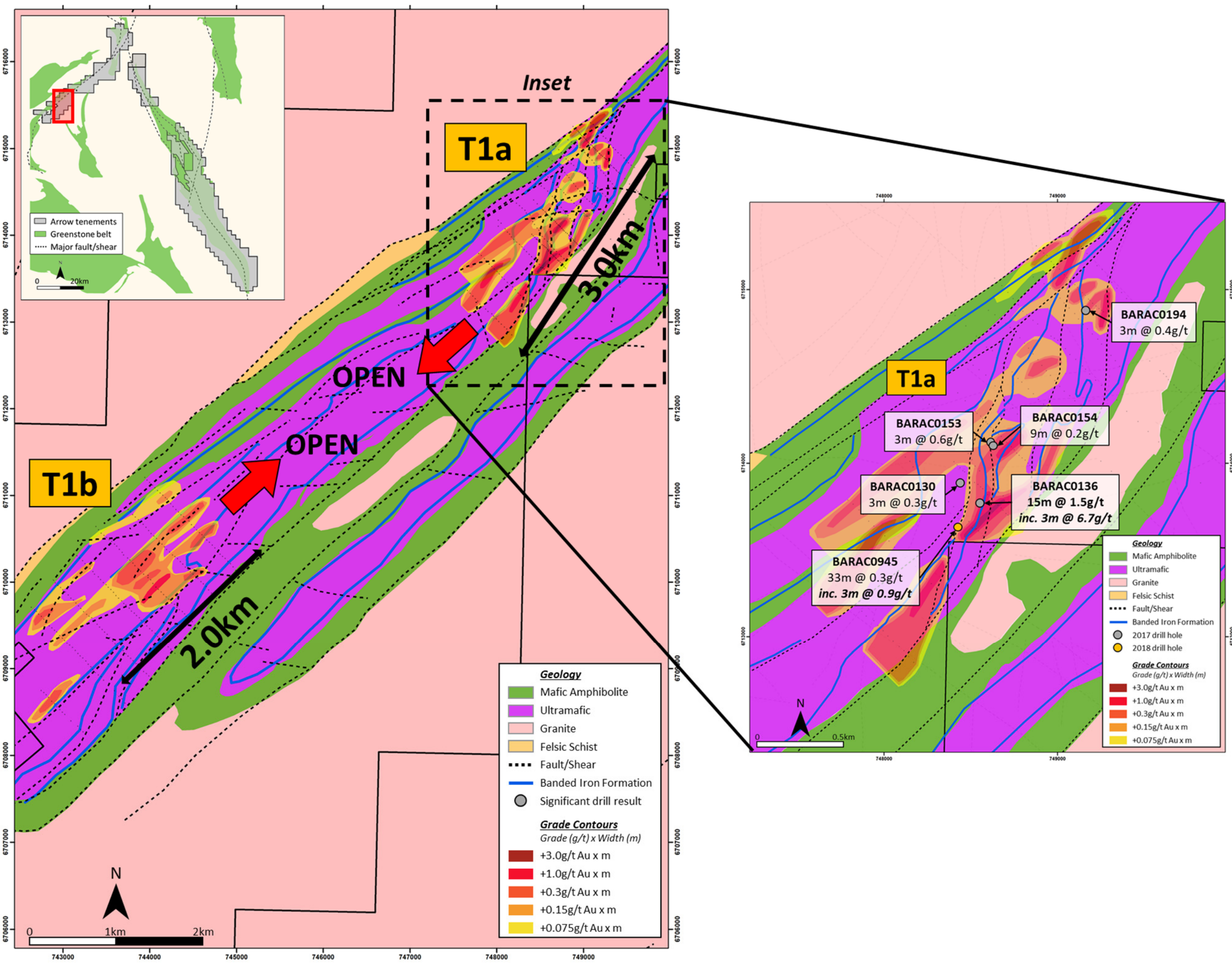


Figure 3: T1 Prospect – plan view gold grade contours and significant drill intercepts

T2 Prospect

At the T2 Prospect, Arrow drilled a total of 213 holes for 3,539m (av. hole depth 17m) on a nominal 400m x 80m spacing over the majority of the western side of the South Elvire Greenstone Belt. Arrow has also drilled 80 holes for 3,500m at the T2d Prospect, which is defined by a 3km long gold-in-soil anomaly directly overlying a sheared granite adjacent to the edge of the greenstone belt (***Figure 4***).

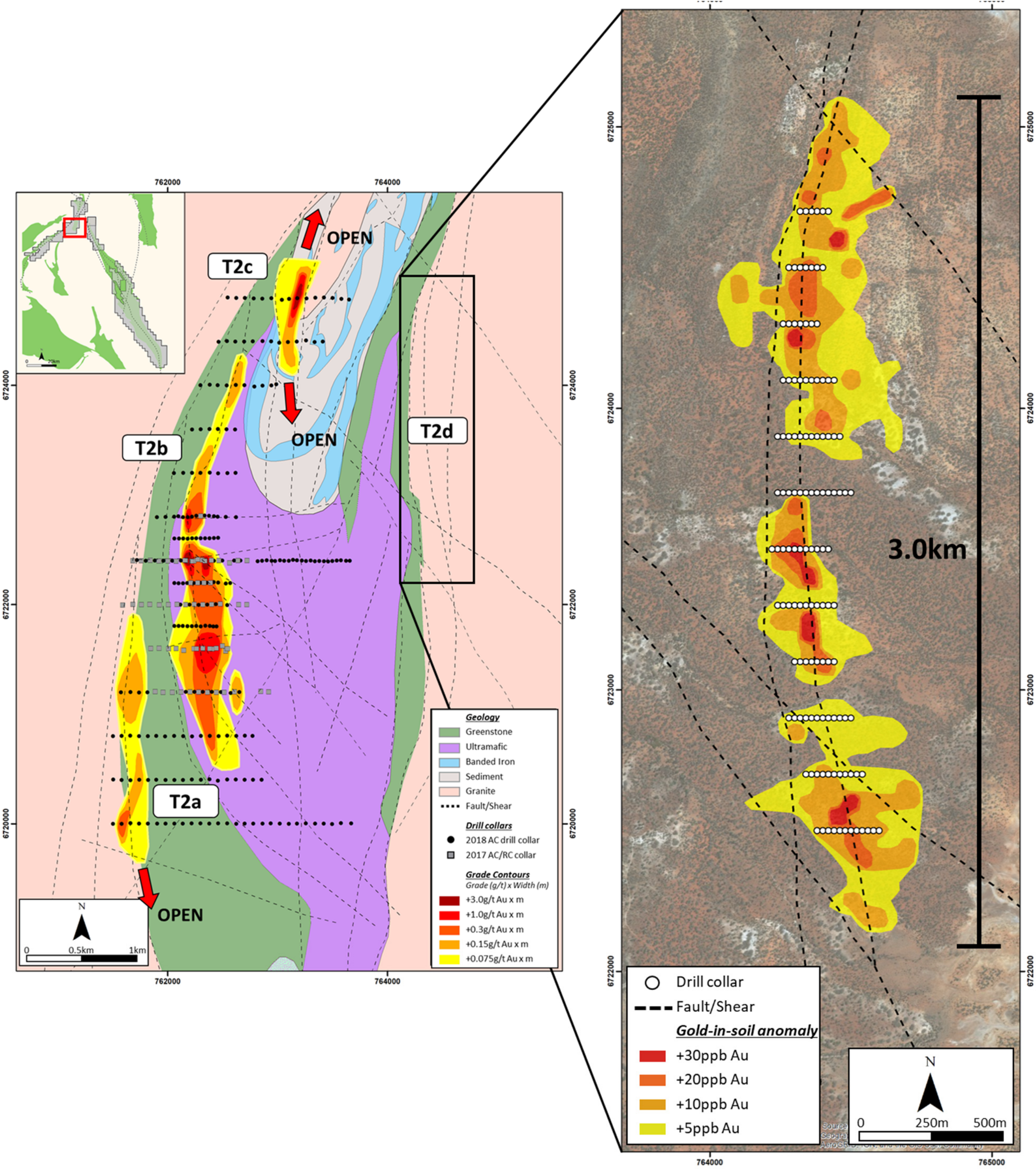


Figure 4: Map of T2 Prospect with T2d (inset) showing gold-in-soil anomaly and planned drill collar locations

In addition to drilling, detailed mapping and litho-structural interpretation has been ongoing at T2, which has significantly enhanced the understanding of the underlying geology and structural controls on gold anomalism and mineralisation. This will enable more efficient and effective future exploration programmes, targeting key mineralised structures.

IP Survey at T1 & T2

In early 2018, Arrow undertook a petrophysical study on diamond core from the T1a and T2b Prospects, which demonstrated a strong chargeability and resistivity contrast between mineralisation and barren lithologies. The Company completed ground IP and resistivity surveys covering an area of 1km x 1km at both prospects (***Figures 5 & 6***). Results from 3D inversion modelling produced three discrete, high priority anomalies within 150m of the surface.

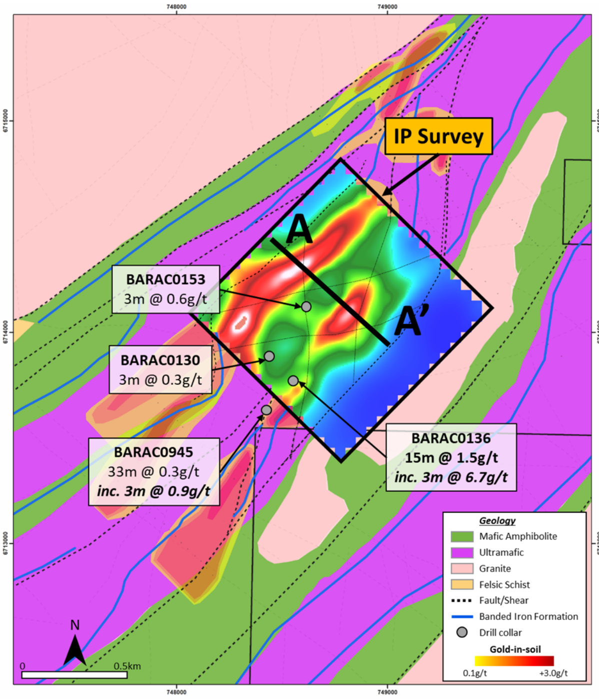


Figure 5: T1a Prospect showing IP survey (Section A-A' refer Figure 7)

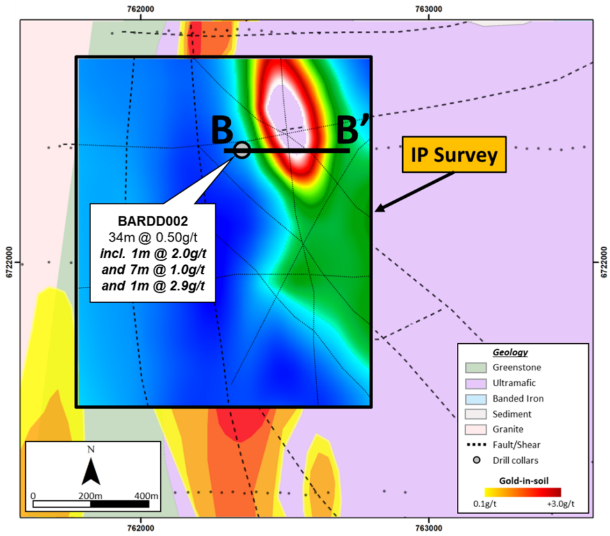


Figure 6: T2b Prospect showing IP survey (Section B-B' refer Figure 8)

The T1a prospect is defined by a 2.8km x 600m gold-in-bedrock anomaly proximal to a major inflection between two major shears and associated cross-linking structures, within a thick package of ultramafic rocks, mafic amphibolite and banded iron formations. Known gold mineralisation in the region at Evanston and Copperhead is hosted in close proximity to banded iron formations.

The IP and resistivity survey at T1a defined two high priority targets both situated at a bend in the regional structural trend with a significant cross-cutting structure. The IP targets are situated beneath gold anomalism intersected in shallow first-pass drilling, including 15m @ 1.5g/t and 3m @ 6.7g/t. Drilling to date at T1a has consisted of shallow aircore holes, with the deepest hole drilled to 38m. The two IP targets start at approximately 100m below surface (***Figure 7***).

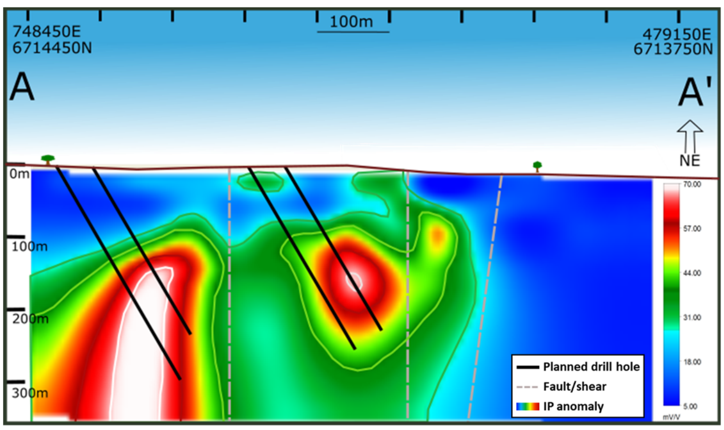


Figure 7: Cross section A-A' through T1a Prospect showing IP targets and planned drill holes

The T2b Prospect is defined by a 3.5km x 300m gold-in-bedrock anomaly situated along a bend in a major shear within a package of mafic amphibolite and felsic intrusions. Previous drilling at the T2b Prospect has returned 48m @ 0.7g/t, including 21m @ 1.1g/t and 3m @ 2.3g/t from BARRC007. Arrow drilled a diamond hole (BARDD002), as a twin hole to BARRC007, which also returned 34m @ 0.5g/t, including 7m @ 1.0g/t and 1m @ 2.9g/t.

The IP and resistivity survey at T2b defined a single discrete high priority target (***Figure 8***). The target is situated on the footwall side of the felsic intrusion associated with the previously intersected gold mineralisation. The IP response of this anomaly is significantly stronger than the drill intercept (BARRC007 and BARDD002) which is currently interpreted to be minor mineralisation along a subordinate fault cutting through a potentially more significantly mineralised body. The IP target at the T2b Prospect starts approximately 75m below surface.

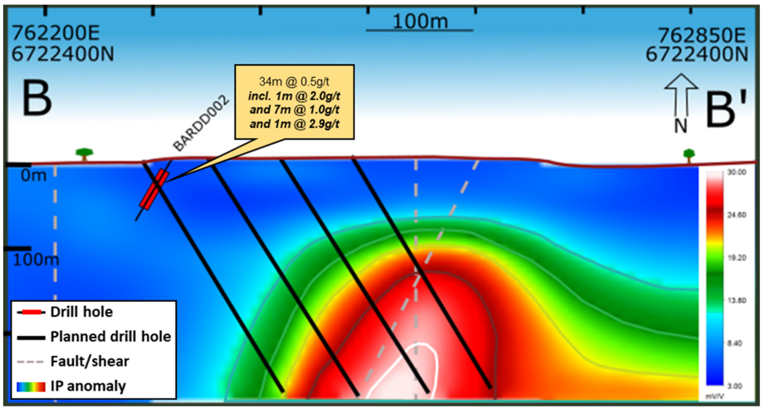


Figure 8: Cross section B-B' through T2b Prospect showing the IP target and planned drill holes

T6 Prospect

The T6 prospect is located in the Yerilgee greenstone belt and was defined by a 4.2km x 1.3km gold-in-soil anomaly, adjacent to a late stage granitic intrusion and a project scale NNE trending structure. During the period, a total of 174 holes for 8,500m were drilled at the T6 Prospect to test a number of gold targets defined by detailed soil sampling, previous wide spaced aircore drilling and lithostructural mapping. Drilling commenced over the T6c mineralised corridor, followed by fence lines over T6a, T6b and T6d (***Figure 9***). The majority of drilling targeted a 3.2km interpreted mineralised corridor at T6c, with the central and southern portion of the corridor returning significant gold intersections including:

- 16m @ 1.9g/t from 0m, including 4m @ 8.5g/t from 0m (bedrock at surface) (STKAC0118);
- 9m @ 2.6g/t from 23m, including 3m @ 7.1g/t from 26m (STKAC0154); and
- 3m @ 1.6g/t from 38m (STK0158).

Drilling at T6c has confirmed the mineralised corridor as a series of splay faults off a regionally significant shear, intruded by a number of mineralised porphyries. The structures and porphyries show locally intense alteration typical of orogenic gold mineralisation. In addition, drilling intersected a number of porphyry intrusions and lamprophyres hosted by mafic and ultramafic volcanic rocks. Mineralisation occurs in late brittle-ductile structures in both the porphyry intrusions and the ultramafic rocks.

Drill lines at T6c were drilled alternating between east and west angled holes as the general dip of lithology and regional structures were unknown. Drilling has confirmed that the predominant dip of volcanic stratigraphy and the north-south structures is to the west. However, the orientation of the brittle-ductile structures within the intrusions will be evaluated with further drilling.

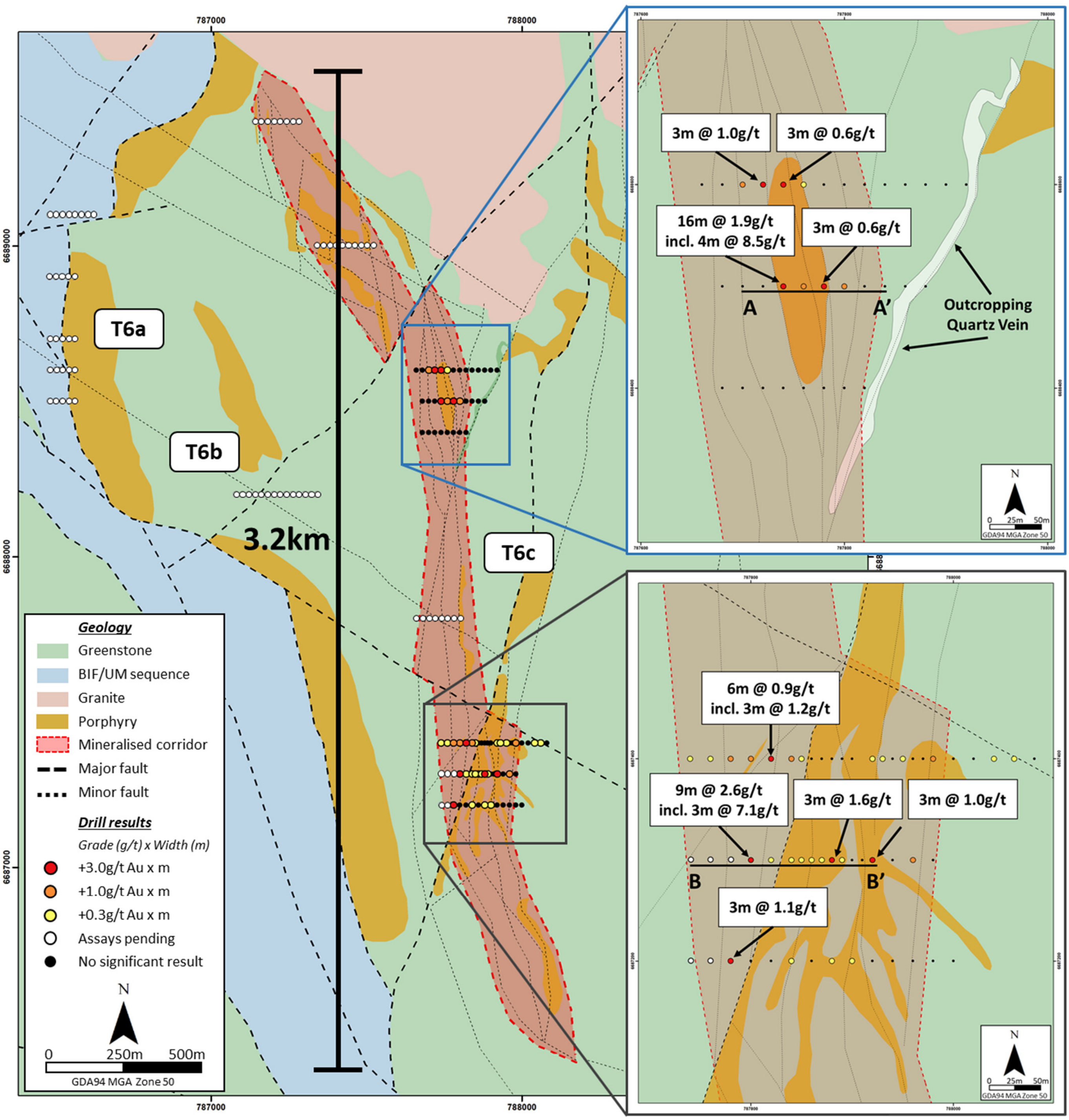


Figure 9: T6 Camp with mineralised corridor and drill collar locations
Insets: Detailed drill results from southern and central portions of mineralised corridor
Sections: see Figure 10 for section A-A' and Figure 11 for section B-B'

The depth of weathering is highly variable, ranging from oxidized bedrock at surface (***Figure 11***) to deep saprolite development, including a thick gold-depleted clay zone (***Figure 12***). Where the depletion zone was intersected, infill holes were drilled to ensure drilling coverage of bedrock. Several holes intersected gold mineralisation below the depletion zone and will be followed up in subsequent drill programmes.

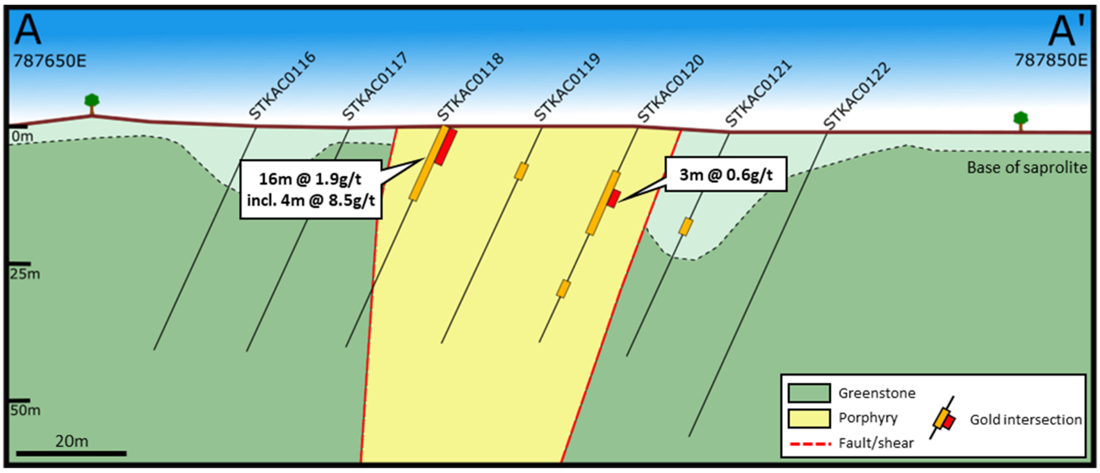


Figure 10: Section A-A' from central portion of mineralised corridor showing high-grade gold associated with an interpreted ENE-trending quartz vein adjacent to a splay fault

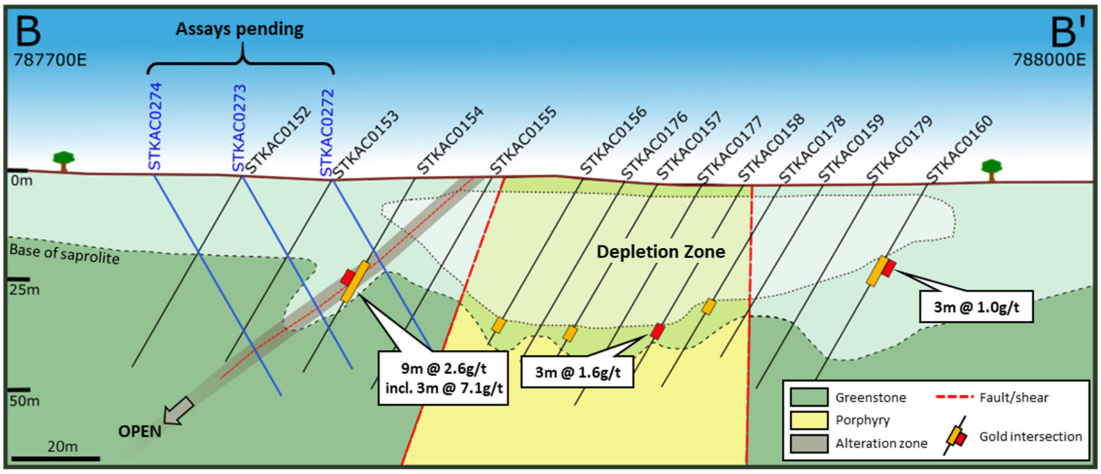


Figure 11: Section B-B' from southern portion of mineralised corridor showing gold mineralisation within an altered ultramafic adjacent to a splay fault

MALINDA LITHIUM PROJECT

Gascoyne Region, Western Australia

The Malinda Lithium Project is located 120km north-east of Gascoyne Junction in the Gascoyne Region of Western Australia (***Figure 12***). Exploration conducted by Arrow in 2017 identified several lithium and tantalum-bearing pegmatites associated with fertile granite intrusions.

In early 2018, Arrow acquired ultra-high resolution aerial drone imagery and a digital terrain map over the Malinda Prospect. The survey allowed for detailed interpretation and geological mapping of the pegmatites at Malinda, leading to a systematic rock chip sampling programme to determine fractionation trends and confirm mineralisation in previously unidentified pegmatites.

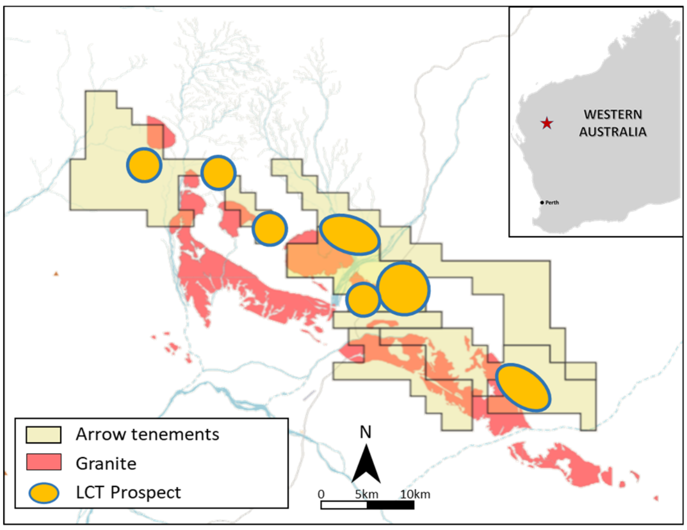


Figure 12: Malinda Lithium Project – location map

A total of 217 rock chips were collected, predominantly to the north and east of previous exploration work. The rock chips returned significant tantalum grades, with 79 samples grading over 150ppm Ta_2O_5, including the highest value recorded at the Project to date of 1,673ppm Ta_2O_5 (***Figure 13***).

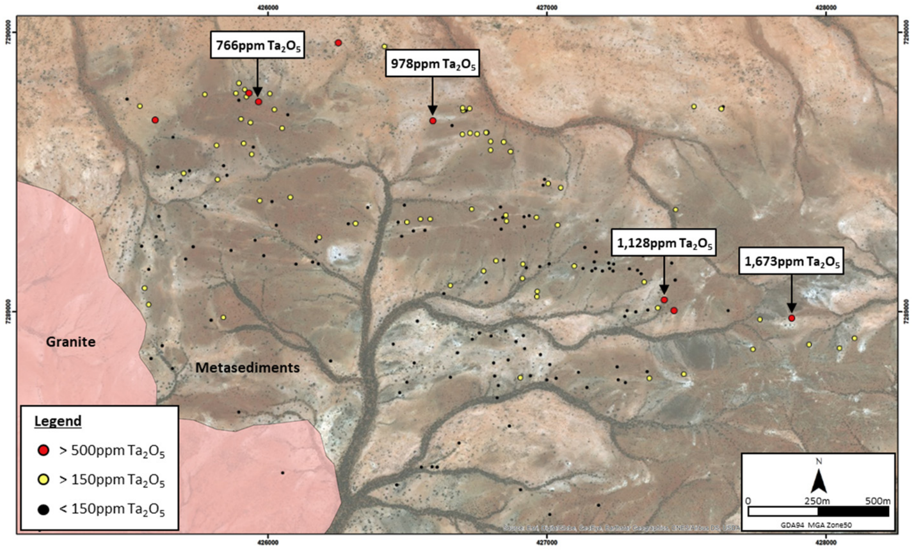


Figure 13 – New rock chip assays at Malinda

A geochemical review of the rock chip data shows a strongly developed niobium/tantalum (Nb/Ta) fractionation trend from the south-west extending to the north and north-east, indicating the granite intrusion may continue at depth. In addition, mineralised pegmatites were identified under shallow cover to the north and north-east of the previously identified pegmatites (***Figure 14***).

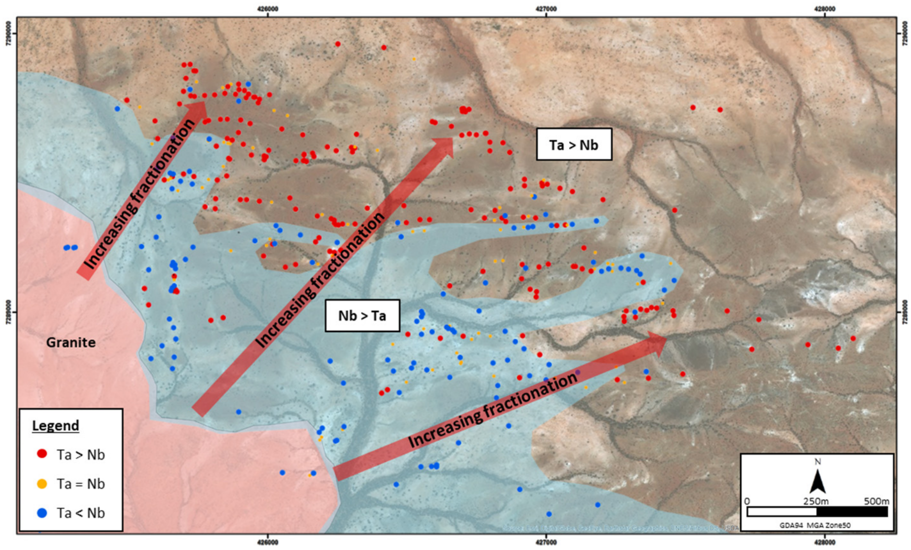


Figure 14 – Nb/Ta ratios indicating increasing fractionation away from the granite intrusion

The pegmatites at Malinda are more numerous than previously identified and appear to be strongly controlled by schistosity and faults developed in the host metasediments. Further, there appears to be a strong vertical component to the emplacement of the pegmatites as opposed to a purely lateral extension from the interpreted fertile granite in the west.

The majority of drilling completed to date at Malinda was located within the less fractionated zone closer to the granite, with the exception of the Tomahawk prospect which returned the most intense and consistent mineralisation in the first pass drilling programme. There remains potential for a significant extension of highly fractionated pegmatites under cover to the north and north-east of previous exploration work.

With Arrow's better understanding of mineralisation at Malinda, the Company is planning to undertake a project-wide geophysical survey in 1H 2019, aimed at characterising the known mineralised intrusions at Malinda, and to evaluate the remaining 580km^2 tenement package to identify additional mineralised pegmatite swarms for follow up exploration. This programme would consist of an airborne magnetic survey to better understand the structural controls on intrusive emplacement along with a detailed hyperspectral survey to characterise surface mineralogy and alteration.

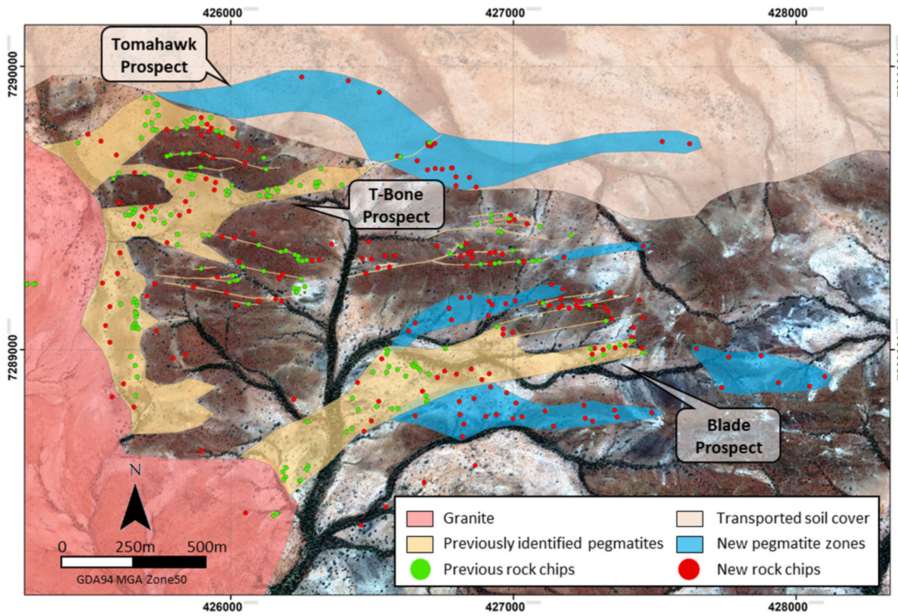


Figure 15: Malinda Project showing new pegmatite zones and rock chips

PLUMRIDGE NICKEL PROJECT

Fraser Range Province, Western Australia
Plumridge Nickel Joint Venture (Arrow 49%, Independence Group NL 51%)

The Plumridge Nickel Project consists of eight exploration licences covering 2,500km^2 in the Fraser Range Province of Western Australia. The Project is highly prospective for massive nickel-copper sulphides and is located 200km north of the Nova Operation which is 100%-owned by Independence Group NL (ASX: IGO) (**IGO**) and produced 22.3kt Ni and 10.0kt Cu in FY2018. The Plumridge Nickel Project is subject to a joint venture between Independence Group NL (ASX: IGO) (IGO) (51%) and Arrow (49%). IGO can increase its interest in the Project to 90% by sole-funding $5,000,000 of exploration expenditure by January 2022.

Over the past 12 months IGO has undertaken significant exploration activities at the Project, including:

- Aircore drilling over 70% of the Project on a 3km x 800m grid;
- SPECTREM airborne EM survey over 20% of the Project area; and
- Ground moving loop EM (**MLEM**) over 15 target areas.

During the period, IGO commenced a systematic aircore drilling programme at the Plumridge Nickel Project. A total of 397 holes were drilled for 19,055m (average hold depth 48m), on a nominal 3km x 800m spacing (***Figure 16***). The drilling intersected predominantly mafic, intermediate and felsic gneisses. Infill drilling is planned to better define mafic-ultramafic lithologies. The remaining aircore holes are expected to be drilled over the next six months.

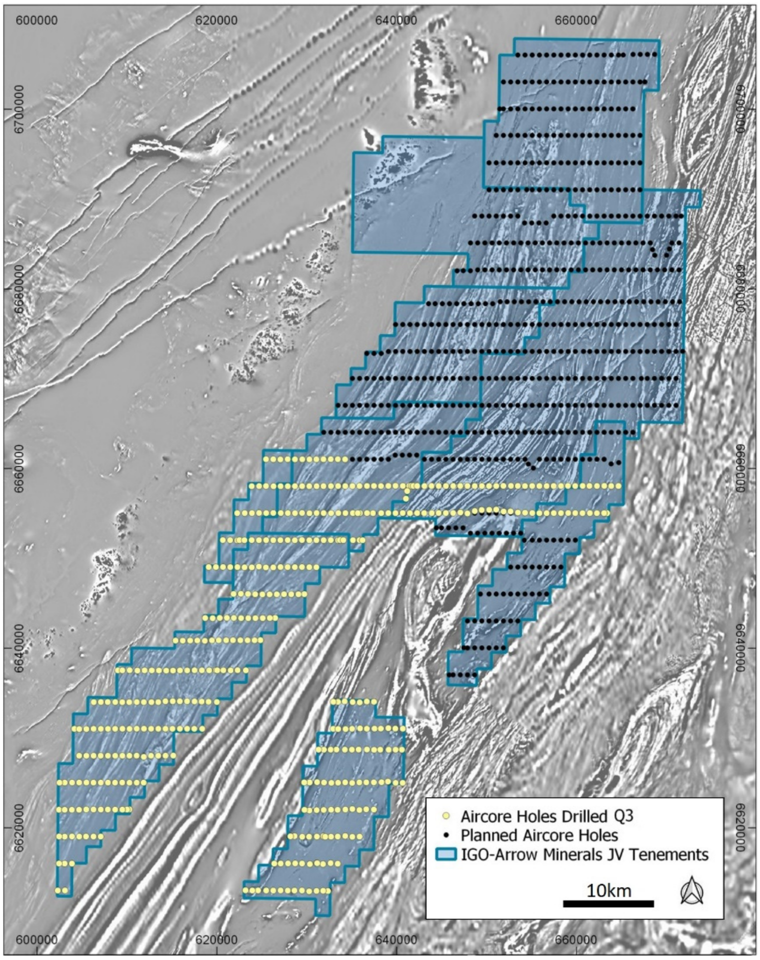


Figure 16: Aircore drill collars on greyscale aeromagnetic RTP 1VD image

Drilling to date has confirmed the Project is highly prospective for nickel-copper sulphides, with the identification of mafic/ultramafic intrusions with cumulate textures. Cumulate rocks have been observed in several bottom-of-hole samples, with a number of samples occurring in clusters. IGO is planning an infill aircore drilling programme around several mafic/ultramafic clusters in 2019 to further understand localised geology and geochemistry.

IGO has completed petrographic analysis of several bottom-of-hole samples from the aircore drilling programme. A sample from hole 18AFAC10738 has been reported as "a moderately mineral-banded, unfoliated medium-grained mafic granulite" with "scattered, tiny (<0.2mm) blebs of reorganised magmatic sulphide composed of pyrrhotite with flames of dominant chalcopyrite and sparse pentlandite". In addition, magmatic sulphides, including chalcopyrite, have been observed in field samples using a hand lens.

Airborne and Ground EM Surveys

In late-2017, Arrow's previous joint venture partner completed a HeliTEM airborne EM survey over the majority of the Project. Several EM targets were identified and a limited reverse circulation (**RC**) drill programme was completed in late-2017.

The HeliTEM data has been reprocessed by IGO and this information has been integrated with the aircore drilling results to identify 15 new targets. Fluxgate MLEM survey lines were completed on all targets in late-2018, with data currently being collated and interpreted. In addition, a review of the 2017 RC drilling programme, including downhole EM information, has been completed to assess the effectiveness of the drilling to adequately test the 2017 EM targets.

IGO has identified three EM targets (***Figure 17***) for high-priority RC drill testing in 2Q 2019. The three targets are Mosaic, Narwhal and Perle.

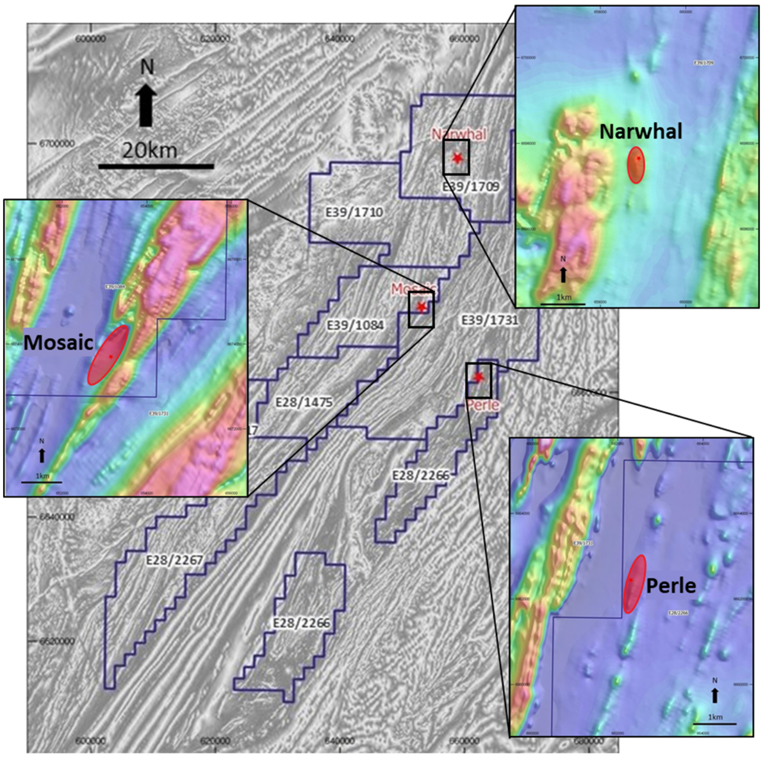


Figure 17: EM targets over regional magnetics – Mosaic, Narwhal and Perle

In mid-2018, IGO commenced an airborne EM survey using SPECTREM (fixed wing, time-domain EM) to identify basement conductors and map cover thickness. Approximately 20% of the Project area has been flown, with the survey to resume in March 2019 (***Figure 18***). IGO is planning to fly SPECTREM over the remaining Project area in the coming months. Significant conductors will be tested with ground EM surveys.

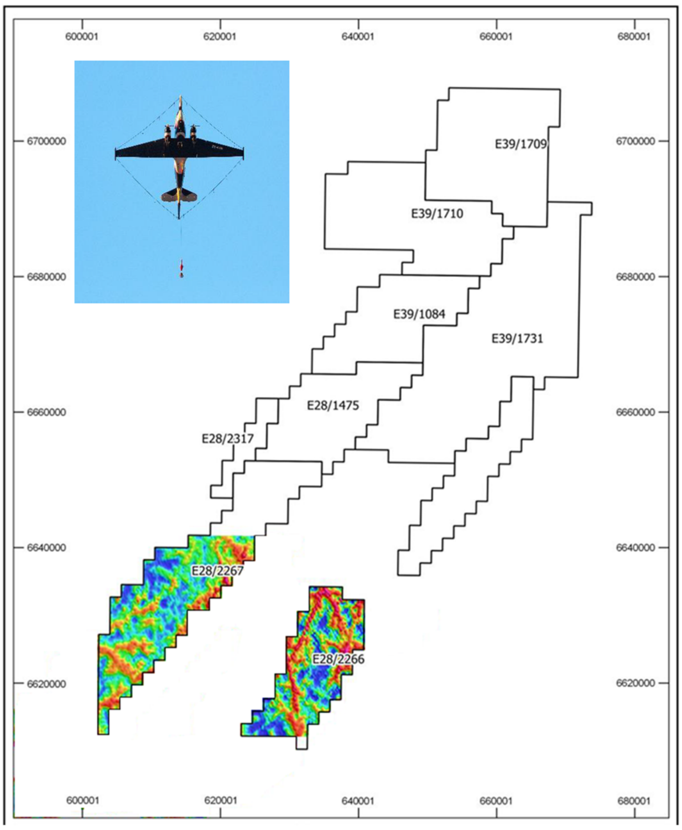


Figure 18: Project map showing SPECTREM survey completed over southern 20% of tenements

PILBARA GOLD PROJECT

Pilbara Region, Western Australia

During the period, Arrow announced it had agreed to dispose of its remaining 49% interest in the Pilbara Gold Project (**Pilbara Gold**) to Pacton Gold Inc. (TSXV: PAC) (**Pacton**) for consideration of C$1,000,000 in cash and 2,000,000 Pacton shares (escrowed until 30 June 2019) (**Consideration**). The Share Sale Agreement (**Agreement**) was submitted to the TSX Venture Exchange (**TSXV**) for final acceptance which was received in September 2018.

In addition to receiving the Consideration, Arrow retains the following rights and obligations:

- Pacton will pay Arrow C$200,000 upon granting of the exploration licence applications, with C$100,000 paid on the grant of each application;
- Arrow will receive a Discovery Bonus of C$500,000 in cash upon Pacton publishing a gold resource at Pilbara Gold of over 100,000oz in accordance with National Instrument 43-101 (TSXV equivalent of the JORC Code); and
- Arrow retains all rights to explore, mine and extract lithium, caesium and tantalum.

Following completion of the transaction, Arrow owns 3,086,957 ordinary shares and 1,086,957 warrants (C$0.35 exercise price, expiry 22 May 2021) in Pacton with a market value of $1,330,139 at 31 December 2018.

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Dr Frazer Tabeart who is a Member of the Australian Institute of Geoscientists. Dr Tabeart is a Director of the Company and has more than five years' experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves". Dr Tabeart consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Additionally, Dr Tabeart confirms that the entity is not aware of any new information or data that materially affects the information contained in the ASX releases referred to in this report.

CORPORATE AND FINANCIAL

Exploration Development Incentive Scheme

On 1 August 2018, Arrow advised that it was participating in the Federal Government's Exploration Development Incentive (**EDI**) Scheme for the 2016/2017 tax year. The process is administered by the Australian Taxation Office.

The EDI enables eligible exploration companies to create exploration credits (**EDI Credits**) by giving up a portion of its tax losses and distributing these EDI Credits to its shareholders. Australian tax resident shareholders that are issued with an EDI Credit will be entitled to a refundable tax offset (for shareholders who are individuals or superannuation funds) or franking credits (for shareholders who are companies). The Company's carry forward tax losses will be reduced by the amount of EDI Credits created.

Arrow claimed EDI expenditure of $1,487,586 for the 2017 income tax year. Arrow shareholders received a pro-rata distribution of $409,086 of EDI Credits, which equates to 0.13¢ per share.

Employee Share Scheme Buy-Back

On 24 August 2018, the Company bought back, for no consideration, 1,435,713 shares previously issued under the Employee Share Scheme.

Lapse of Options

On 3 August 2018, the Company advised that 714,285 options exercisable at 12.6¢ had lapsed.

The capital structure of Arrow, as at date of directors' report, is set out below:

Quoted Securities

Ordinary shares on issue (ASX:AMD)	314,540,609
Quoted options exercisable at 10.0¢ on or before 31/12/2019 (ASX:AMDOA)	120,872,133

Unquoted Securities

Unquoted options exercisable at 17.5¢ on or before 30/6/2019	8,571,408
Unquoted options exercisable at 7.0¢ on or before 31/12/2019	13,146,469

EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the period end, on 31 January 2019 Arrow advised that Dr Frazer Tabeart had been appointed Non-Executive Chairman of the Company. Dr Tabeart has a been a Director of Arrow since 2014 and has extensive experience in international exploration and mining projects. Dr Tabeart is considered an Independent Chairman under ASX Corporate Governance Principle 2.5.

Other than the above, there have been no events subsequent to balance date of a nature that would require disclosure.

ROUNDING OF AMOUNTS TO NEAREST DOLLAR

In accordance with ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with section 307c of the Corporation Act 2001, we have obtained an independence declaration from our auditors, Pitcher Partners BA&A Pty Ltd, which is included on page 17.

Signed in accordance with a resolution of the Directors.

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Steven Michael

Managing Director

Perth, 5 March 2019

Appendix A – Schedule of Tenements as at 31 December 2018

Tenement ID	Status	Interest at beginning of the period	Interest acquired or disposed	Interest at end of the period
Strickland Gold Project				
E16/495	Granted	100%	0%	100%
E16/498	Application	0%	0%	0%
E30/503	Application	0%	0%	0%
E30/488	Granted	100%	0%	100%
E30/493	Granted	100%	0%	100%
E30/494	Granted	100%	0%	100%
E77/2403	Granted	100%	0%	100%
E77/2416	Granted	100%	0%	100%
E77/2432	Granted	100%	0%	100%
E77/2570	Application	0%	0%	0%
Malinda Lithium Project				
E09/1618	Granted	35%	0%	35%
E09/2169	Granted	100%	0%	100%
E09/2170	Granted	100%	0%	100%
E09/2197	Granted	100%	0%	100%
E09/2198	Granted	100%	0%	100%
E09/2283	Application	0%	0%	0%
Plumridge Nickel Project				
E28/1475	Granted	49%	0%	49%
E28/2266	Granted	49%	0%	49%
E28/2267	Granted	49%	0%	49%
E28/2317	Granted	49%	0%	49%
E39/1084	Granted	49%	0%	49%
E39/1709	Granted	49%	0%	49%
E39/1710	Granted	49%	0%	49%
E39/1731	Granted	49%	0%	49%
E39/2088	Application	0%	0%	0%

PITCHER PARTNERS

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Arrow Minerals Limited and its controlled entities.

In relation to the independent review for the half-year ended 31 December 2018, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001; and*

(ii) No contraventions of any applicable code of professional conduct.

This declaration is in respect of Arrow Minerals Limited and the entities it controlled during the period.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

JOANNE PALMER
Executive Director
Perth, 5 March 2019

Condensed Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2018

	Notes	Dec 2018 $	Restated^ Dec 2017 $
Continuing Operations			
Finance income		31,590	3,299
Gain on disposal of associate	4b	1,284,068	-
Revaluation of financial assets		(882,019)	-
Profit on sale of tenements		100,000	175,000
Other income		1,778	-
Employee benefits expenses		(331,522)	(259,167)
Occupancy costs		(29,512)	(12,558)
Write off of exploration & evaluation assets		-	(1,894,597)
Exploration Expenditure		-	(59,277)
Finance costs		(5,567)	(4,998)
Depreciation		(44,870)	(13,056)
Share based payment expenses		(119,220)	(202,588)
Administration and other expenses		(145,857)	(156,466)
Loss before tax from continuing operations		**(141,131)**	**(2,424,408)**
Income tax expense		**-**	**-**
Loss after tax from continuing operations		**(141,131)**	**(2,424,408)**
Other comprehensive income/(loss)			
Items that may be classified subsequently to profit or loss			
Movement in foreign currently translation reserve		-	-
Other comprehensive income/(loss) for the year		**-**	**-**
Total comprehensive loss for the year attributable to members of the company		**(141,131)**	**(2,424,408)**
Loss per share		*Cents*	*Cents*
– Basic loss		(0.046)	(1.932)
– Diluted loss		(0.046)	(1.932)

The above statement should be read in conjunction with the accompanying notes.

^Certain amounts shown here do not correspond to the 31 December 2017 financial statements and reflect adjustments disclosed in Note 3.

Condensed Consolidated Statement of Financial Position

As at 31 December 2018

	Notes	Dec 2018 $	Restated^ Jun 2018 $
ASSETS			
Current assets			
Cash and cash equivalents		2,354,218	3,758,484
Investments in associates	**4**	-	738,201
Other financial assets	**5**	1,418,478	1,325,200
Trade and other receivables		160,469	195,266
Prepayments		30,459	9,911
Total current assets		**3,963,624**	**6,027,062**
Non-current assets			
Exploration and evaluation assets	**6**	10,480,709	8,041,647
Property, plant and equipment		259,116	301,077
Total non-current assets		**10,739,825**	**8,342,724**
TOTAL ASSETS		**14,703,449**	**14,369,786**
LIABILITIES			
Current liabilities			
Trade and other payables		661,236	342,106
Payroll liabilities		115,647	73,575
Interest bearing liabilities		29,542	28,423
Total current liabilities		**806,425**	**444,104**
Non-current liabilities			
Leave provisions		43,229	34,920
Interest bearing liabilities		106,698	121,754
Total non-current liabilities		**149,927**	**156,674**
TOTAL LIABILITIES		**956,352**	**600,778**
NET ASSETS		**13,747,097**	**13,769,008**
EQUITY			
Issued capital	**7**	35,136,180	35,136,180
Reserves		1,985,328	1,865,958
Accumulated losses		(23,374,411)	(23,233,130)
TOTAL EQUITY		**13,747,097**	**13,769,008**

The above statement should be read in conjunction with the accompanying notes.

^Certain amounts shown here do not correspond to the 30 June 2018 financial statements and reflect adjustments disclosed in Note 3.

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2018

	Issued capital $	Share based payment reserve $	Foreign currency translation reserve $	Available-for-sale reserve $	Option reserve $	Accumulated losses $	Total equity $
Restated at 1 July 2017^	30,404,876	1,419,365	(476,281)	(150)	91,257	(22,682,502)	8,756,565
Loss for the period	-	-	-	-	-	(2,424,408)	(2,424,408)
Other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	-	(2,424,408)	(2,424,408)
Issue of Shares (net of costs)	1,265,575	-	-	-	431,481	-	1,697,056
Share based payments	-	202,588	-	-	-	-	202,588
Total transactions with equity holders	1,265,575	202,588	-	-	431,481	-	1,899,644
Restated as at 31 Dec 2017^	**31,670,451**	**1,621,953**	**(476,281)**	**(150)**	**522,738**	**(25,106,910)**	**8,231,801**
Restated at 1 July 2018^	**35,136,180**	**1,819,651**	**(476,281)**	**(150)**	**522,738**	**(23,233,130)**	**13,769,008**
Loss for the period	-	-	-	-	-	(141,131)	(141,131)
Other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	-	(141,131)	(141,131)
Share based payments	-	119,220	-	-	-	-	119,220
Total transactions with equity holders	-	119,220	-	-	-	-	119,220
Transfer from available-for-sale reserve to accumulated losses	-	-	-	150	-	(150)	-
Total other	-	-	-	150	-	(150)	-
As at 31 December 2018	**35,136,180**	**1,938,871**	**(476,281)**	**-**	**522,738**	**(23,374,411)**	**13,747,097**

The above statement should be read in conjunction with the accompanying notes.

^Certain amounts shown here do not correspond to the 31 December 2017 financial statements and reflect adjustments disclosed in Note 3.

Condensed Consolidated Statement of Cash Flows

For the half year ended 31 December 2018

	31 Dec 2018 $	31 Dec 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(545,461)	(499,764)
Interest income received	20,716	3,299
Net cash used in operating activities	**(524,745)**	**(496,465)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of associate	1,046,972	-
Proceeds from the sale of tenements	200,000	175,000
Payment for exploration and evaluation activities	(2,104,080)	(1,737,069)
Payment for property, plant and equipment	(2,909)	(6,182)
Net cash used in investing activities	**(860,017)**	**(1,568,251)**
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and options, net of issue costs	-	1,697,056
Repayment of lease liabilities	(13,937)	(7,569)
Interest paid	(5,567)	(4,283)
Net cash from financing activities	**(19,504)**	**1,685,204**
Net decrease in cash and cash equivalents	(1,404,266)	(379,512)
Cash and cash equivalents at the beginning of the period	3,758,484	731,716
Cash and cash equivalents at the end of the period	**2,354,218**	**352,204**

The above statement should be read in conjunction with the accompanying notes.

Notes to and forming part of the Consolidated Financial Statements

1. CORPORATE INFORMATION

The financial report of Arrow Minerals Limited (the "Company") and its controlled entities (the "Group") for the half-year ended 31 December 2018 was authorised for issue in accordance with a resolution of the directors on 5 March 2019. Arrow Minerals Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

The principal activities of the Group are to explore for mineral resources in Australia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year condensed consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001*, and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'. The consolidated financial statements of the Company for the half-year ended 31 December 2018 include the Company and its controlled entities, together referred to as the "Group".

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2018 and any public announcements made by Arrow Minerals Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The half-year report does not include full disclosures of the type normally included in an annual financial report. For the purposes of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

Changes in Entity

During the period, the Company's 100% owned subsidiary, Segue (Pardoo) Limited, was deregistered.

During the period, the Company incorporated the 100% owned subsidiary, Arrow (Leasing) Pty Ltd.

New Accounting Standards

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standard Board ("AASB") that are relevant to their operations and effective for the current reporting period. The adoption of all the new and revised Standards and Interpretations has not resulted in any material impacts on the amounts reported for the current or prior periods. The accounting policies have been consistently applied by the Group and are consistent with those applied in the previous financial year and those of the corresponding interim reporting period, except for the accounting policies described below.

AASB 9 'Financial Instruments'

AASB 9 supersedes pronouncement AASB 139 'Financial Instruments: Recognition and Measurement' and was adopted by the Group effective 1 July 2018. The standard brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment; and hedge accounting.

With the exception of hedge accounting which has no application to the Group so it will apply prospectively should it enter into any such arrangements, the Group has applied AASB 9 retrospectively, with the initial application date of 1 July 2018.

At the date of initial application, the Group concluded to:

Classify eligible equity instruments as financial assets at fair value through profit and loss; and

Apply the simplified approach for trade receivables in the calculation of the expected credit loss (**ECL**) rather than the general approach.

As a result of the adoption of the above, as at the date of initial application, there is no material impact on the transactions and balances recognised in the financial statements.

The Group's accounting policy for financial instruments from 1 July 2018 are as follows:

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (**OCI**), or fair value through profit and loss.

The classification of financial instruments at initial recognition depends on the financial asset's contractual cashflow characteristics and the Group's business model for managing them. With the exception of the Groups trade receivables that do not contain a significant financing component, the Group initially measures the financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss, less transaction costs.

Trade receivables that do not contain a significant financing component are measured at the transaction price determined in accordance with the company's accounting policy for revenue recognition.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. In determining the provision required, the Group utilises its historical credit loss experience, adjusted only where appropriate for forward-looking factors specific to the debtors and economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Financial liabilities are classified, at initial recognition, as financial liabilities through fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

AASB 15 'Revenue from Contracts with Customers'

AASB 15 supersedes AASB 111 Construction Contracts, AASB 118 Revenue and related interpretations and it applies with limited exceptions, to all revenue arising from contracts with its customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires the Group to exercise judgement, taking into account all the relevant facts and circumstances when applying each step of the model to contracts with customers.

The Group adopted AASB 15 using the full retrospective method of adoption. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient, however the impact on the current period is immaterial. The Group did not apply any of the other available optional practical expedients.

At the initial date of application, the effect of adopting AASB 15 did not have a material impact on the transactions and balances recognised in the financial statements.

Several other amendments and interpretations apply for the first time at 1 July 2018, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Changes to Critical Accounting Estimates and Judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liabilities affected in future periods.

Please refer to the Group's 30 June 2018 financial statements for information on the Group's judgements, estimates and assumptions.

In the adoption of new accounting policies in the period, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Measurement of fair value financial instruments

The fair value of the Group's financial investments in quoted equity shares held in Pacton Gold Inc (TSXV: PAC.V) and Caeneus Minerals Limited (ASX: CAD), traded on an active market is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. Accordingly, the Group's investments in Pacton Gold Inc and Caeneus Minerals Limited are classified within Level 1 of the fair value hierarchy.

Please refer to the Group's 30 June 2018 financial statements for further financial instrument disclosures.

Going Concern

The interim condensed consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred a net loss after tax for the half-year ended 31 December 2018 of $141,131 (31 December 2017: $2,424,408 (restated), and a net cash outflow from operating and investing activities of $1,384,762 (31 December 2017: $2,064,716). Net assets of the Group as at 31 December 2018 were $13,747,097 (30 June 2018: $13,769,008).

Cash and cash equivalents as at 31 December 2018 of $2,354,218 (30 June 2018: $3,758,484) are sufficient for the Group to continue as a going concern and pay its debts as and when they fall due.

3. RESTATEMENT OF PRIOR PERIOD BALANCES

Arrow Minerals Limited, while preparing the financial statements of the Group for the half-year ended 31 December 2018, identified that no value had been attributed to the warrants held in Pacton Gold Inc. in the year ended 30 June 2018. This resulted in restatement of the following line items for the year ended 30 June 2018:

- Investment in associate was increased by $193,917;
- Loss was reduced by $798,416; and
- Other financial assets were increased by $604,499.

As the warrants were obtained as part of the Group's sale of 51% of its interest in Arrow (Pilbara) Pty Limited on 11 May 2018 there is no impact on the opening balance at 1 July 2017 or at 31 December 2017.

Arrow Minerals also identified an issue relating to the timing of share based payment expenses being recognised across reporting periods. This resulted in the restatement of the following line items for the half-year ended 31 December 2017, and year ended 30 June 2018:

31 December 2017:

- Loss before tax and continuing operations increased by $99,900.

30 June 2018:

- Loss before tax from continuing operations increased by $170,788; and
- Reserves increased by $251,025.

Opening accumulated losses and opening share based payment reserve at 1 July 2017 were restated by $80,237 as a result of the adjustment to share based payment expenses.

In addition, an inconsistency was identified within the consolidation process relating to the classification of a payables account at 30 June 2018. This resulted in a restatement of the following line items for the year ended 30 June 2018:

- Loss before tax from continuing operations increased by $6,669; and
- Trade and other payables were increased by $6,669.

Together, the above adjustments had the following impact on the Condensed Consolidated Statement of Comprehensive Income for the half-year ended 31 December 2017:

FINANCIAL REPORT LINE ITEM / BALANCE AFFECTED	Reported 31 Dec 2017 $	Adjustment $	Restated 31 Dec 2018 $
<u>Condensed Consolidated Statement of Comprehensive Income extract</u>			
Share based payment expenses	(102,688)	(99,900)	(202,588)
Loss before tax from continuing operations	**(2,324,508)**	**(99,900)**	**(2,424,408)**

Together, the above adjustments had the following impact on the 30 June 2018 financial statements:

FINANCIAL REPORT LINE ITEM / BALANCE AFFECTED	Reported 30 Jun 2018 $	Adjustment $	Restated 30 Jun 2018 $
<u>**Consolidated Statement of Comprehensive Income extract**</u>			
Gain on disposal of controlling interest	887,313	397,658	1,284,971
Fair value movement on financial assets	443,832	400,758	844,590
Employee benefits expenses	(545,223)	(6,669)	(551,892)
Share based payment expenses	(229,498)	(170,788)	(400,286)
Loss before tax from continuing operations	**(1,306,491)**	**620,959**	**(685,532)**
<u>**Consolidated Statement of Financial Position extract**</u>			
Current assets			
Investment in associates	544,284	193,917	738,201
Other financial assets	720,701	604,499	1,325,200
Total current assets	**5,228,646**	**798,416**	**6,027,062**
Current liabilities			
Trade and other payables	335,437	6,669	342,106
Total current liabilities	**437,435**	**6,669**	**444,104**
Total liabilities	**594,109**	**6,669**	**600,778**
Net assets	**12,977,261**	**791,747**	**13,769,008**
Equity			
Reserves	1,614,933	251,025	1,865,958
Accumulated losses	(23,773,852)	540,722	(23,233,130)
Total equity	**12,977,261**	**791,747**	**13,769,008**

4. INVESTMENT IN ASSOCIATE

Set out below are the material associates of the Group. The entity listed below have share capital consisting solely of ordinary share. The proportion of ordinary shares held by the Group equals the voting rights held by the Group.

Name	Classification	Place of Business/ Incorporation	Proportion of Ordinary Share Interest 31 Dec 2018	30 Jun 2018
Arrow (Pilbara) Pty Ltd	Associate	Perth, Australia	0%	49%

Arrow (Pilbara) Pty Ltd is a private entity undertaking exploration activities in the Pilbara region of Western Australia ("Pilbara Gold Project").

4(b) Disposal of Associate

During the period, the Group entered into an agreement to dispose of its remaining 49% interest in this entity to the majority shareholder Pacton Gold Inc., a Canadian listed company for C$1,000,000 in cash consideration, and 2,000,000 Pacton Gold Inc. common shares. For the period until date of sale, the interest in associate did not contribute any profit or loss to the Group's result for the period. Aggregated details of this transaction are as follows:

	31 Dec 2018 $
Cash consideration	1,060,106
Non-cash consideration	975,298
Costs associated with the sale	(13,135)
Total proceeds	2,022,269
Cost of asset held at disposal date	(738,201)
Net gain on disposal	**1,284,068**

5. OTHER FINANCIAL ASSETS

	31 Dec 2018 $	Restated^ 30 Jun 2018 $
Deferred Contingent Consideration – Pacton Gold Inc. (i)	88,339	-
Shares in Caeneus Minerals Limited	-	19,369
Ordinary Shares in Pacton Gold Inc.	1,042,675	701,332
Warrants in Pacton Gold Inc.	287,464	604,499
Financial assets at fair value through profit or loss	**1,418,478**	**1,325,200**

(i) The Group recognised deferred contingent consideration on the sale of a 51% interest in Arrow (Pilbara) Pty Ltd. As disclosed in the Directors' Report, Pacton Gold Inc. will pay the Group C$200,000 upon granting of exploration licence applications, with C$100,000 paid on the grant of each application. At 30 June 2018, the likelihood of receiving the consideration was close to nil, and as such, no financial asset was recognised. At 31 December 2018, the Group reassess the likelihood of receiving the deferred contingent consideration, out of which a $88,339 gain has been recorded in the condensed consolidated statement of comprehensive income during the period.

The Group will also receive a Discovery Bonus of C$500,000 in cash upon Pacton Gold Inc. publishing a gold resource at the Pilbara Gold Project of over 100,000oz in accordance with National Instrument 43-101 (TSXV equivalent of the JORC Code). At 30 June 2018, the likelihood of receiving the Discovery Bonus was close to nil, and as such, no financial asset was recorded. At 31 December 2018, the assessment was the same.

^ Certain amounts shown here do not correspond to the 30 June 2018 financial statements and reflect adjustments disclosed in Note 3.

6. EXPLORATION AND EVALUATION ASSETS

	31 Dec 2018	30 Jun 2018
	$	$
Balance at the beginning of the period	8,041,647	8,283,225
Expenditure incurred during the period	2,439,062	1,525,710
Write offs recognised during the period	-	(1,767,288)
Balance at the end of the period	10,480,709	8,041,647
The asset balance comprises of:		
Plumridge Nickel and Gold Projects	3,558,423	3,557,612
Malinda Lithium Project	1,271,463	1,160,057
Strickland Gold Project	5,650,823	3,323,978
	10,480,709	8,041,647

The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation.

7. ISSUED CAPITAL

	31 Dec 2018	30 Jun 2018
Ordinary shares full paid	314,540,609	306,976,322

(a) Movement in ordinary share capital

	Nos.	*$*
Balance at 1 July 2017	**133,464,700**	**30,404,876**
31 July 2017 - Placement	4,616,696	138,451
8 September 2017 - Placement	34,510,552	1,035,317
14 November 2017 – Option exercise	2,666,667	186,667
1 December 2017 – ESP Issue	5,600,000	-
13 February 2019 - Placement	44,549,653	1,291,940
22 March 2018 – Land access payment	592,768	20,000
16 April 2018 – Placement	81,312,429	2,358,060
27 April 2018 – ESP Issue	750,000	-
27 April 2018 – Share Buyback	(1,087,143)	-
Costs of issue		(299,131)
Balance at 30 June 2018	**306,976,322**	**35,136,180**
17 September 2018 – cancellation of ESP shares	(1,435,713)	-
22 November 2018 – ESP Issue	9,000,000	-
Balance at 31 December 2018	**314,540,609**	**35,136,180**

Terms and conditions of ordinary shares

Ordinary shares have the right to receive dividends as declared, and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid upon shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(b) Unexpired share options

The following options over ordinary shares of the Company existed at reporting date:

Expiry date	Nos.	Exercise Price ($)
30/06/2019	8,571,408	0.175[1]
31/12/2019	13,146,469	0.070[1]
31/12/2019	120,872,133	0.100[2]
	142,590,010	

1. These options are unlisted.
2. These options are listed.

Movements	***Nos.***
Options outstanding as at 1 July 2017	16,516,129
Granted	136,685,269
Exercised	(2,666,667)
Expired	(7,230,439)
Options outstanding at 30 June 2018	**143,304,292**
Expired	(714,282)
Options outstanding at 31 Dec 2018	**142,590,010**

8. SHARE BASED PAYMENTS

Share based payments are provided to directors, consultants and other advisors.

The issue to each individual director, consultant or advisor is controlled by the Board and the ASX Listing Rules. Terms and conditions of the payments, including the grant date, vesting date, exercise price and expiry date are determined by the Board, subject to shareholder approval where required.

During the period, Shareholder approval was received for the issue of shares to directors pursuant to the Company Employee Share Plan. New shares were issued on 22nd November 2018. The issue of Shares pursuant to the Plan may be undertaken by way of provision of a limited-recourse, interest free loan to be used for the purposes of subscribing for the Shares.

The Shares issued to the Eligible Participants will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares, other than being subject to a holding lock until such time as the respective restriction conditions have been satisfied, including the completion of any restriction period, and any Loan has been extinguished or repaid under the terms of the Plan.

Although these are shares for legal and taxation purposes, Accounting Standards require they be treated as options for accounting purposes.

The shares have been valued applying a Binomial model, with the following inputs for the relevant milestones.

	Milestones 1-5	**Milestone 6**
Number of shares	6,750,000	2,250,000
Underlying share price	$0.015	$0.015
Exercise price	$0.015	$0.015
Expected volatility	65%	91%
Expiry date (years)	3	1

	Milestones 1-5	Milestone 6
Expected dividends	Nil	Nil
Risk free rate	2.12%	2.12%
Value per option	$0.0067	$0.0056

The milestones attaching to the Employee Share Loan Plan are as follows:

1. Discovery of a mineralised prospect with multiple drill intersections of at least 15 gram metres gold (e.g. two separate drill intersections of 5 metres @ 3g/t Au), or gold equivalent;
2. Discovery of multiple mineralised prospects as defined in Milestone 1;
3. Announce a JORC-compliant resource of 100,000oz of gold at a minimum grade of 1.0g/t Au (or equivalent for other metals);
4. Combined capital raising of $2 million through a combination of either equity issues at an average issue price at least 75% of the 15-day VWAP prior to each issue and/or proceeds from asset sales (or farm-out joint ventures);
5. Total shareholder return over any 12-month period exceeding +25%;
6. Continue to be an employee or Director of AMD until 31 December 2019;

Of the above 6 milestones, the achievement of 4 will vest 100% of the shares, with 25% of the shares vesting on the achievement of each milestone.

Historical share price volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future volatility.

9. OPERATING SEGMENTS

AASB 8 *'Operating Segments'* requires operating segments to be identified based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The chief operating decision maker has been identified as the Board of Directors.

The Group operates in one operating and geographic segment being mineral exploration, and evaluation in Western Australia for the half-year periods ended 31 December 2018 and 31 December 2017.

10. COMMITMENTS AND CONTINGENCIES

Tenement Expenditure Commitments

The Group has certain minimum obligations in pursuance of the terms and conditions of tenement licences in the forthcoming year. Whilst these obligations are capable of being varied from time to time, in order to maintain current rights of tenure to mining tenements, the Group will be required to outlay a further $167,619 in the 12 month period to December 2019 ($2,943,636 in Dec 2017). Exploration commitments include requirements under joint ventures for tenements held by other entities.

	31 Dec 2018	31 Dec 2017
Up to 1 year	167,619	2,943,636
Between 1 and 5 years	2,150,000	-
More than 5 years	-	-
	2,317,619	2,943,636

The exploration expenditure commitment for the Group for later than 2 years but not later than 5 years is uncertain as the tenements require re-application prior to this date of which the outcome is not certain.

Leasing Commitments

The Company's lease for office accommodation expired at the end of July 2018 and the Company entered a new 3 year lease from 1 June 2018 to 31 May 2021 at an annual cost of $51,200 excl GST increasing by 3% at each anniversary date.

Chattel Mortgages

The Group has finance leases and hire purchase contracts for various items of plant and machinery. The Group's obligations under finance leases are secured by the lessor's title to the leased assets. Future minimum lease payments under finance leases and hire purchase contracts, together with the present value of the net minimum lease payments are, as follows:

	31 Dec 2018		31 Dec 2017	
	Minimum payments $	Present value of payments $	Minimum payments $	Present value of payments $
Up to 1 year	39,007	29,542	35,181	24,601
Between 1 and 5 years	115,815	106,698	154,823	136,240
Later than 5 years	-	-	-	-
Total minimum lease payments	154,823	136,240	190,004	160,841
Less amounts representing finance charges	(18,583)	-	(29,163)	-
Present value of minimum lease payments	136,240	136,240	160,841	160,841

Contingent assets or liabilities

The Group had no contingent assets or liabilities at reporting date or in subsequent periods.

10. SUBSEQUENT EVENTS

Subsequent to the Period on 10 January 2019, the Group sold all technical information and materials in the possession of Arrow, and relating to tenement E39/2062, to AngloGold Ashanti (Australia) Pty Ltd for a cash consideration of $25,000 excluding GST.

Other than the above, there were no other subsequent events after the reporting date.

11. RELATED PARTY & KEY MANAGEMENT PERSONNEL DISCLOSURES

The parent entity and the ultimate parent entity of the Group is Arrow Minerals Limited, a company listed on the Australian Securities Exchange.

Transactions with key management personnel

Mr Ong 's remuneration for the period was paid directly to his related party, Minerva Corporate Pty Ltd. There is an amount of $3,300 included in trade creditors on account of these services (Dec 2017: $2,226).

Dr Tabeart's remuneration for the period was paid directly to his related party, Geogen Consulting Pty Ltd. During the half-year, an additional $1,320 was paid to Geogen Consulting Pty Ltd for consulting services.

The Company entered into a service agreement with Mitchell River Group Pty Ltd effective 6 July 2016 for the provision of exploration database management services. Dr Tabeart is a related party of Mitchell River Group Pty Ltd and Arrow Minerals Limited.

During the half-year, an amount of $24,989 (Dec 2017: $14,872) inclusive of GST was paid or payable in relation to these services.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

Directors' Declaration

In accordance with a resolution of the Board of Directors, I state that:

In the opinion of the Directors:

1. The consolidated financial statements and accompanying notes set out on pages 18 to 32 are in accordance with the *Corporations Act 2001*, including:

   a. giving a true and fair view of the Group's financial position at 30 June 2018 and of its performance for the year ended on that date: and

   b. complying with Accounting Standards and *Corporations Regulations 2001*; and

2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

3. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2018.

On behalf of the Board

Steven Michael
Managing Director

Perth, 5 March 2019

ARROW MINERALS LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ARROW MINERALS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Arrow Minerals Limited (the 'Company') and its controlled entities (the 'Group'), which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Arrow Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter- restatement of prior period balances

We draw attention to Note 3 of the half-year financial report, which describes the adjustments as a consequence of a restatement of the 31 December 2017 interim financial statements, and the 30 June 2018 financial statements, to reflect an error identified where the opening balances were adjusted for the accounting treatment of share based payment expenses and financial assets. Our opinion is not modified in respect of this matter.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

JOANNE PALMER
Executive Director
Perth, 5 March 2019

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