



**ARROW  
MINERALS**

**HALF YEAR CONDENSED FINANCIAL REPORT  
31 DECEMBER 2019**

**ABN 49 112 609 846**

## **Directors**

Dr Frazer Tabeart      Non-Executive Chairman  
Howard Golden        Managing Director  
Thomas McKeith      Non-Executive Director  
Morgan Ball           Non-Executive Director

## **Joint Company Secretaries**

Catherine Grant Edwards and Melissa Chapman

## **Registered Office**

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Claremont WA 6010  
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Email                    info@arrowminerals.com.au

## **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

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## Directors' Report

### REVIEW OF OPERATIONS

In August 2019 Arrow completed the acquisition of Boromo Gold Limited (**Boromo**), via the issue of 289,297,910 ordinary shares, being 10 Arrow shares for each Boromo share, and 209,046,880 Arrow performance rights (**PR**), being 10 Arrow PR for each Boromo PR, valuing Boromo at \$3.6 million. As a result of the transaction, Arrow now owns a 100% interest in six high quality gold exploration projects in Burkina Faso, totalling 2,013km<sup>2</sup>, with drill-ready targets at Divole East and Divole West (*Figure 1*). The Board of Directors appointed Howard Golden as Chief Executive Officer on 1 August 2019, and Howard was later appointed to the Board of Directors as Managing Director on 5 February 2020.

Exploration activities during the half year were somewhat disrupted by the Boromo Gold transaction, but from August the focus was on gold exploration in West Africa, specifically on the exploration permits acquired from Boromo in Burkina Faso. The work focussed primarily on drilling on the Divole West tenement block, resulting in the Dassa gold discovery, and surface exploration continued on the Divole East, Houde South, Nako and Boulsa permit blocks.

In Australia, the Company has broadened its exploration focus to include exploration for base metals as well as gold mineralisation. This prompted an assessment for indicators of impairment of the carrying value of its Australian exploration projects, which resulted in an impairment of the Strickland Gold project value down to \$2,250,000, and the Malinda Lithium project down to \$1,000,000.

A technical review of all previous exploration works and data from the Strickland project has commenced; conclusions will be incorporated into recommendations for focussed work on both the gold and copper-gold potential at Strickland in time for further work on the ground in late 2020.

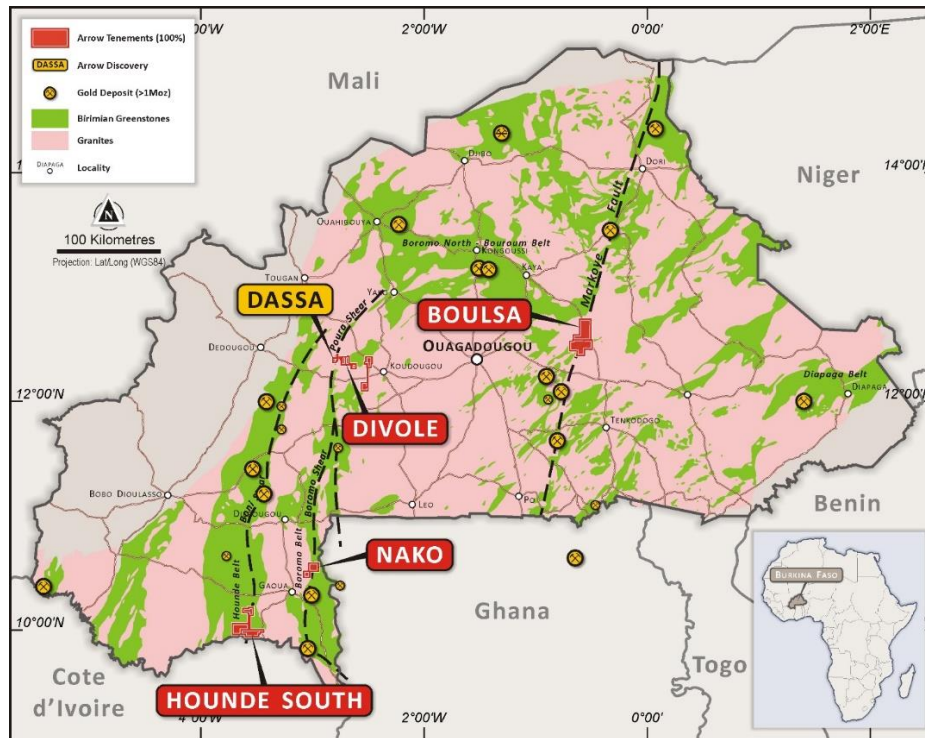
At the Plumridge Nickel project in Western Australia, IGO, the project manager and majority owner, undertook work to test existing targets and generate new targets that will be tested during calendar year 2020. Arrow continues to maintain its 10% contributing stake in the project.

#### **DASSA DISCOVERY (Divole West Project, AMD 100%)**

In February 2020, Arrow completed a shallow drilling programme at Dassa that comprised 1,961 m of RC drilling, following up 4,214 m of RC drilling for a total of 55 holes or 6,175 m. The RC drilling was completed in early February and was designed to test the extension of known mineralisation down-dip to the east as well as north and south extensions of the known mineralised zone.

At the same time, an air core drilling programme was completed in the untested area between the northern and southern areas of previous drilling to test for gold beneath transported cover. These results, combined with previously drilled saprolite testing by auger, defined a >3 km long zone of anomalous gold that is now ready for further targeted RC drilling (*Figure 2*).

The recent RC drilling also confirmed that the gold mineralisation at Dassa continues to the northeast, where it remains open towards the northern extension of the Divole West permit. Highly anomalous gold in drill holes to the southwest points to further exploratory work along the >3 km southwestern continuation of the strike direction on the Arrow permit.



**Figure 1: Arrow's Burkina Faso gold exploration projects – location map**

The drilling targeted an unexplored part of the Birimian Shield of Burkina Faso and has confirmed the Dassa gold discovery, comprising mineralised zones with gold grades up to 45g/t Au. The discovery remains open laterally and at depth.

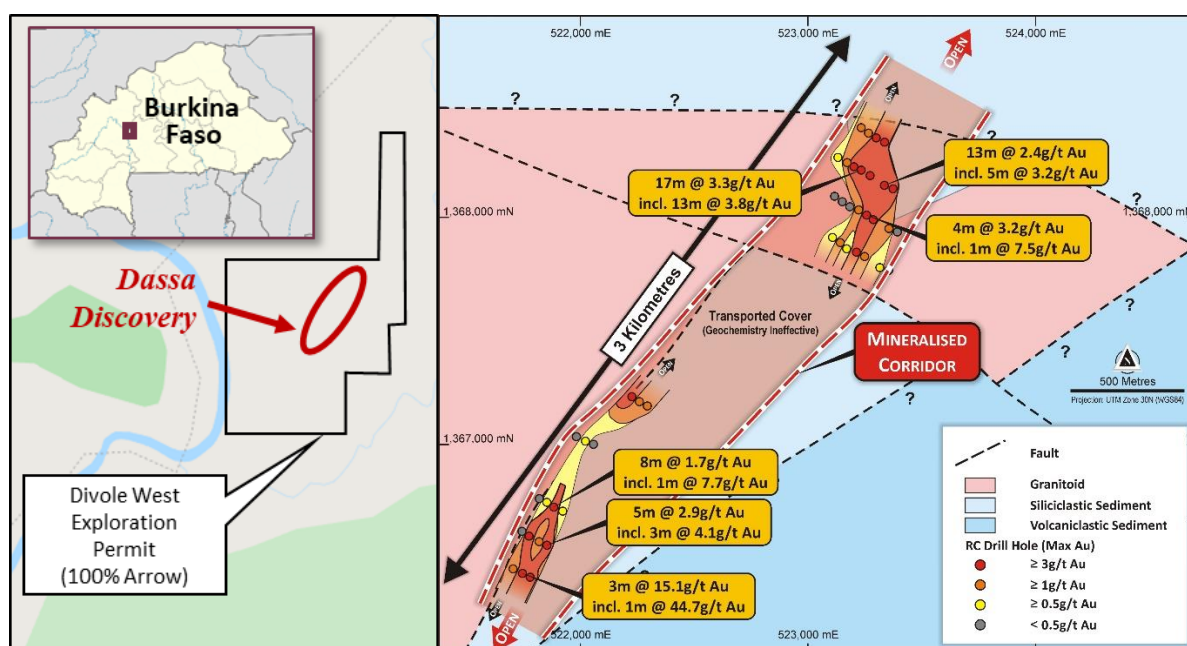
The mineralised zones are hosted predominantly by siliciclastic sediments, with localised quartz veining. Mineralisation is at very shallow depth, mainly within the oxidised zone, and is underlain by granitic intrusive rocks that are also altered and contain sporadic elevated gold concentrations.

Over 60% of the drill holes intersected mineralisation of at least 1g/t Au, with some of the most significant intersections shown in **Table 1**.

**Table 1: Selected gold intersections**

Hole ID	From	Intersection	Including
DW-RC-19-001	21m	33m @ 1.9g/t	9m @ 4.3g/t
DW-RC-19-002	2m	17m @ 3.3g/t	13m @ 3.8g/t
DW-RC-19-003	10m	8m @ 2.0g/t	3m @ 4.9g/t
DW-RC-19-006	22m	23m @ 1.0g/t	3m @ 3.2g/t
DW-RC-19-007	2m	4m @ 3.2g/t	1m @ 7.5g/t
DW-RC-19-025	68m	8m @ 1.7g/t	2m @ 4.3g/t
DW-RC-19-030	79m	5m @ 2.9g/t	3m @ 4.1g/t
DW-RC-19-032	53m	3m @ 15.1g/t	1m @ 44.7g/t
DW-RC-19-034	31m	13m @ 2.4g/t	5m @ 3.2g/t
DW-RC-19-035	47m	8m @ 2.4g/t	5m @ 3.1g/t

Hole ID	From	Intersection	Including
DW_RC_20_047	121	1m @ 6.2g/t	
DW_RC_20_048	90	1m @ 1.0g/t	
DW_RC_20_049	46	1m @ 1.0g/t	
DW_RC_20_051	74	5m @ 1.5g/t	
DW_RC_20_052	95	1m @ 3.0g/t	
DW_RC_20_054	93	17m @ 1.6g/t	3m @ 4.4g/t
DW_RC_20_055	117	6m @ 3.8g/t	3m @ 5. g/t



**Figure 2: Divole West drilling showing mineralised drilling intercepts at the Dassa discovery**

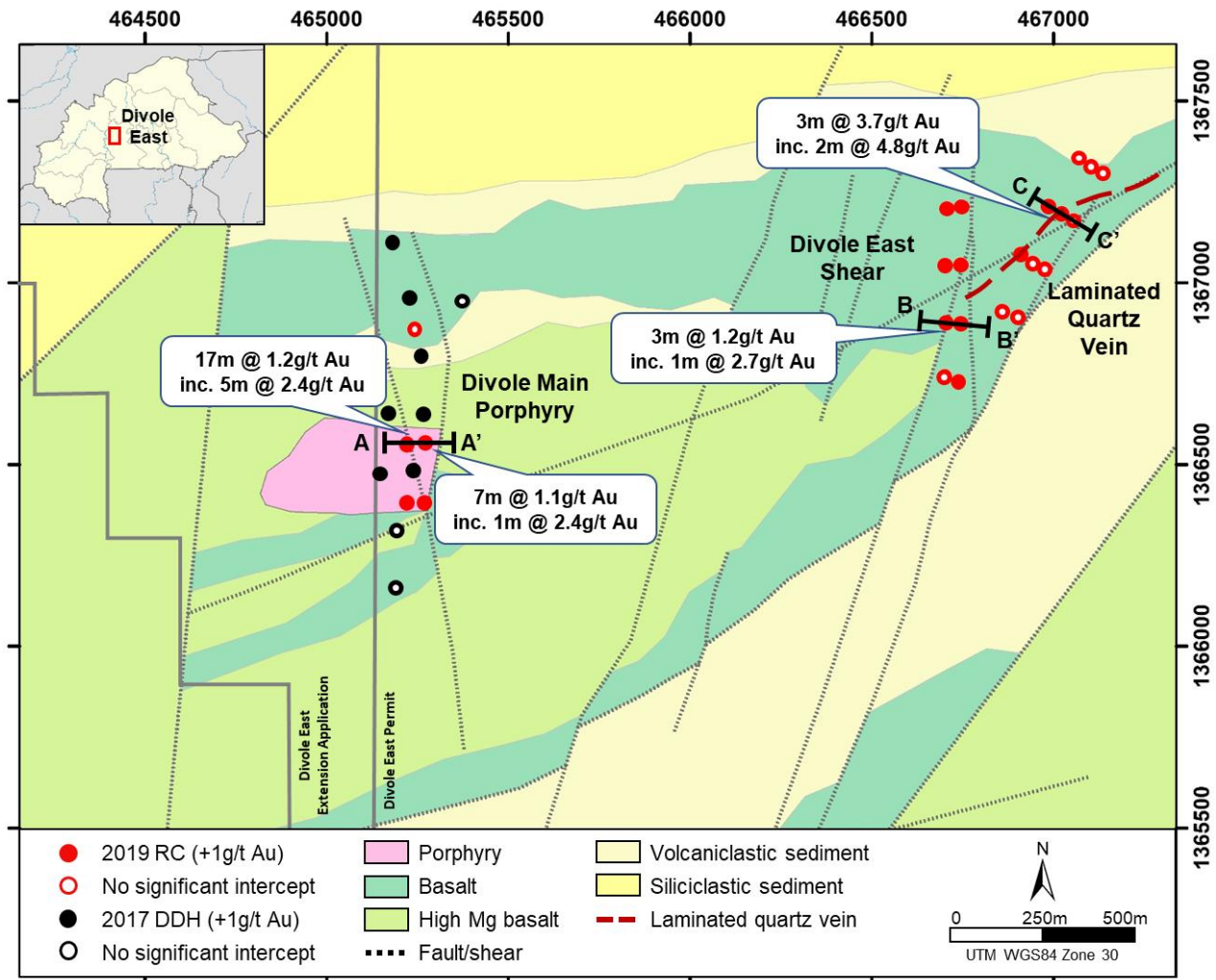
## DIVOLE EAST GOLD PROJECT

The Divole East Project consists of 28km<sup>2</sup> of tenements located on the Boromo-Poura Shear Zone. The Boromo Belt hosts several major gold deposits, including the historic Poura gold mine which produced 0.75Moz of gold at an average grade of ~15g/t Au. The Divole East Project was acquired due to its favourable geological setting on the Boromo-Poura Shear Zone and significant gold mineralisation identified in artisanal workings.

In March 2017, 10 diamond holes were drilled (total of 1,962m) on 160m spaced sections to test the significance of gold mineralisation associated with the Divole Main artisanal workings. Gold mineralisation (+1g/t Au) was intersected in eight of the drill holes, with mineralisation associated with a shear zone which may intersect the main north-south structure mined in the artisanal site at the southern end of the workings.

During the period, an RC drill campaign was completed to follow up high grade results on the eastern edge of the licence as well as to test N-S structures and laminated veins in the Divole East fold structure (**Figure 3**). The 24 hole RC drilling programme (total 2,385m, average 99m) intersected gold mineralisation at each of the three targets tested:

- a sheared porphyry intersected in first-pass 2017 drilling;
- an interpreted N-S shear zone; and
- laminated quartz veins.



**Figure 3: Divole East drill collar locations over geology**

## PLUMRIDGE NICKEL PROJECT (AMD 10%, IGO Limited 90%)

During the period, Arrow's joint venture partner in the Plumridge Nickel Project (**Plumridge**), Independence Group NL (ASX: IGO), completed 269 aircore drill holes for a total of 13,475m (average depth 50m) to infill specific areas from 3km x 800m (drilled in 2018) to 200m – 400m spacing. In addition, 19 ground MLEM surveys were completed over targets identified from the SPECTREM AEM survey. MLEM surveys are planned to be completed over a further six targets in the remainder of the 2019 field season.

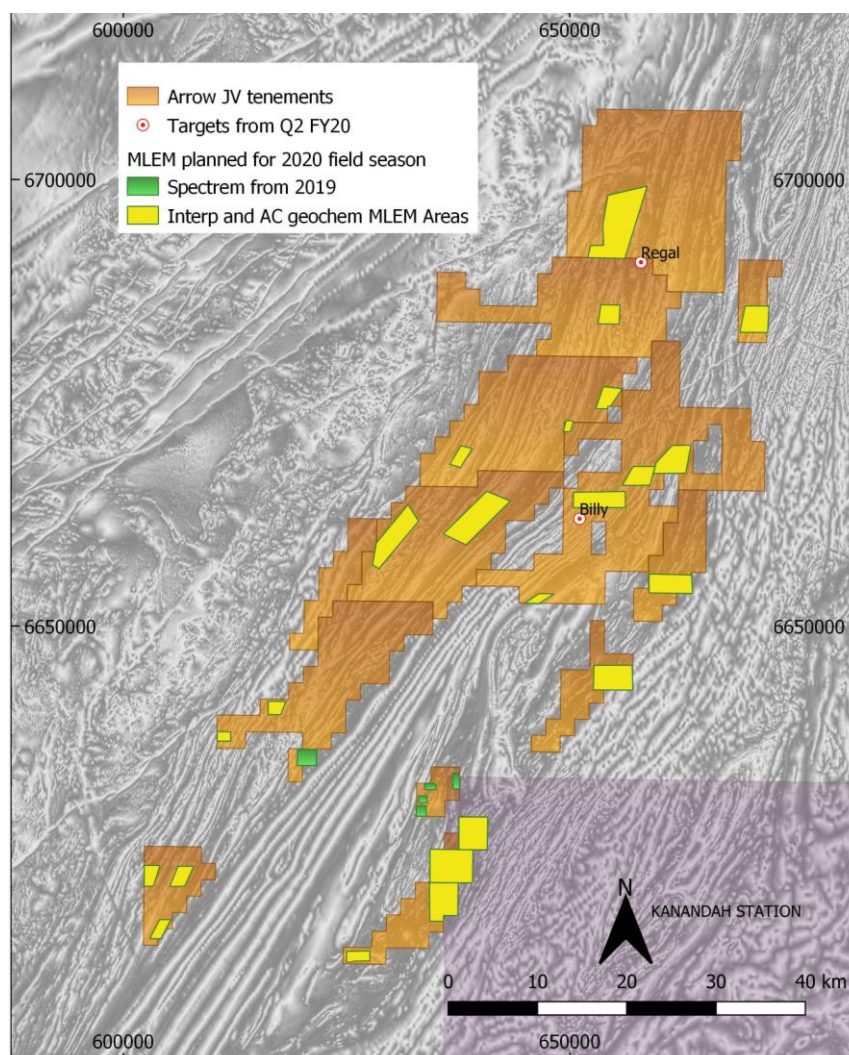
IGO subsequently completed diamond drill holes at six bedrock targets that were identified using the aircore drilling, AEM and MLEM datasets (**Figure 4**). The modelled EM conductor plates were intersected at each target with downhole EM completed to identify any additional off-hole conductors (assay results have not yet been received for any of the diamond holes). Following are summaries of the work completed during the period:

### Regal

- Hole 19AFDD1004 at Regal intersected brecciated sulphides from 369-376m.
- DHEM interpretation completed at Regal:
  - Off-hole conductor at ~345m depth:
  - 400m x 200m 5000S plate.

## Perle

- Hole 19AFDD1005 at Perle intersected a broad anomalous VHMS geochemical trend in graphitic gneiss – this prospect is being assessed for follow up in 2020.
- DHEM confirmed that a conductive plate was tested – no off-hole conductors.



**Figure 4: Localities interpreted during the period at Plumridge**

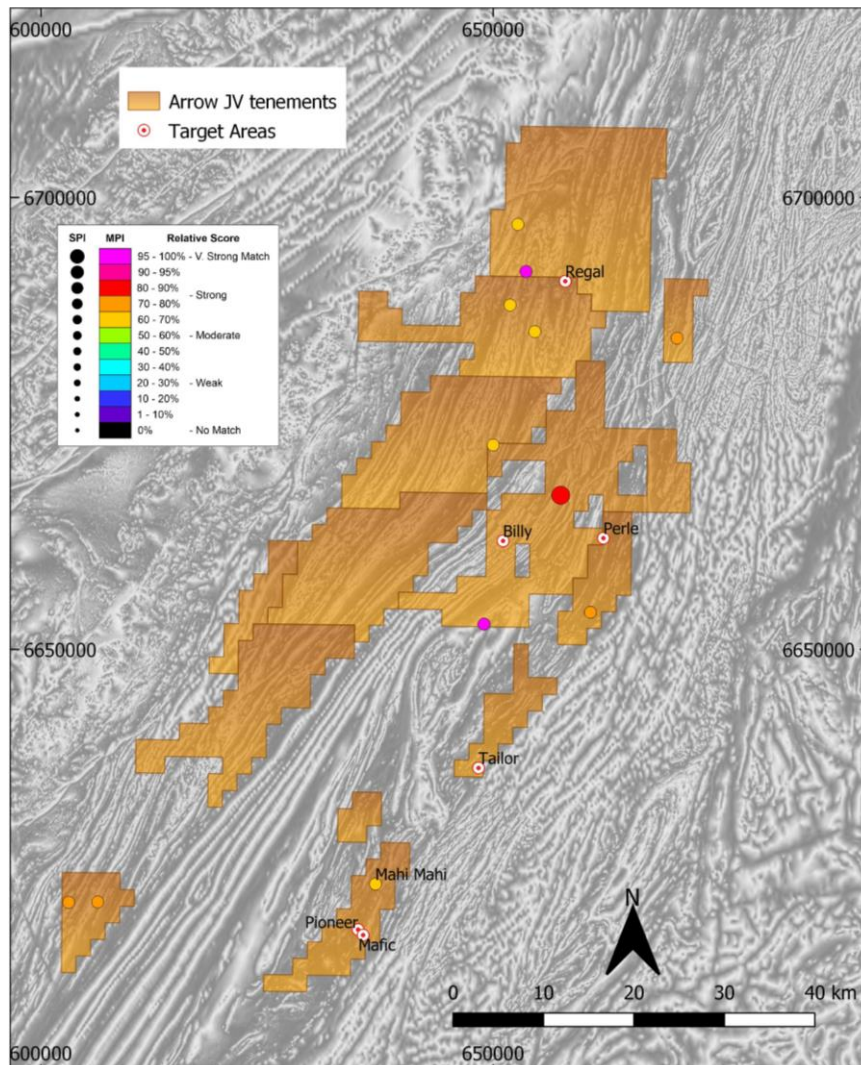
## Other Exploration

In exploration away from established targets, work returned the following results:

- MLEM on E39/1731 identified a new target to drill test in 2020.
- The 'Billy' target is a conductive plate (600m x 200m, 1600S) in favourable structural setting within the Snowy's Dam Formation.
- 5 planned MLEM surveys are outstanding - postponed to 2020 field season.

## 2019 Aircore Infill Drilling (see Figure 4 for prospectivity scores from air core)

- 2,534 assays were received from surface to end of hole.
- One new target (Mahi-Mahi) in ultramafic rock was intersected:
  - Hole 19AFAC10779: 46m @ 0.167 % Ni and 0.1% Cr from 26m to EOH (**Figure 5**)
  - This occurs on license E28/2266, along a NE-SW trend that hosts other targets including Pioneer, Mafic and Tailor.



**Figure 5: Location map with prospectivity indices from aircore drilling at Plumridge**

**Table 2: Plumridge significant intersections**

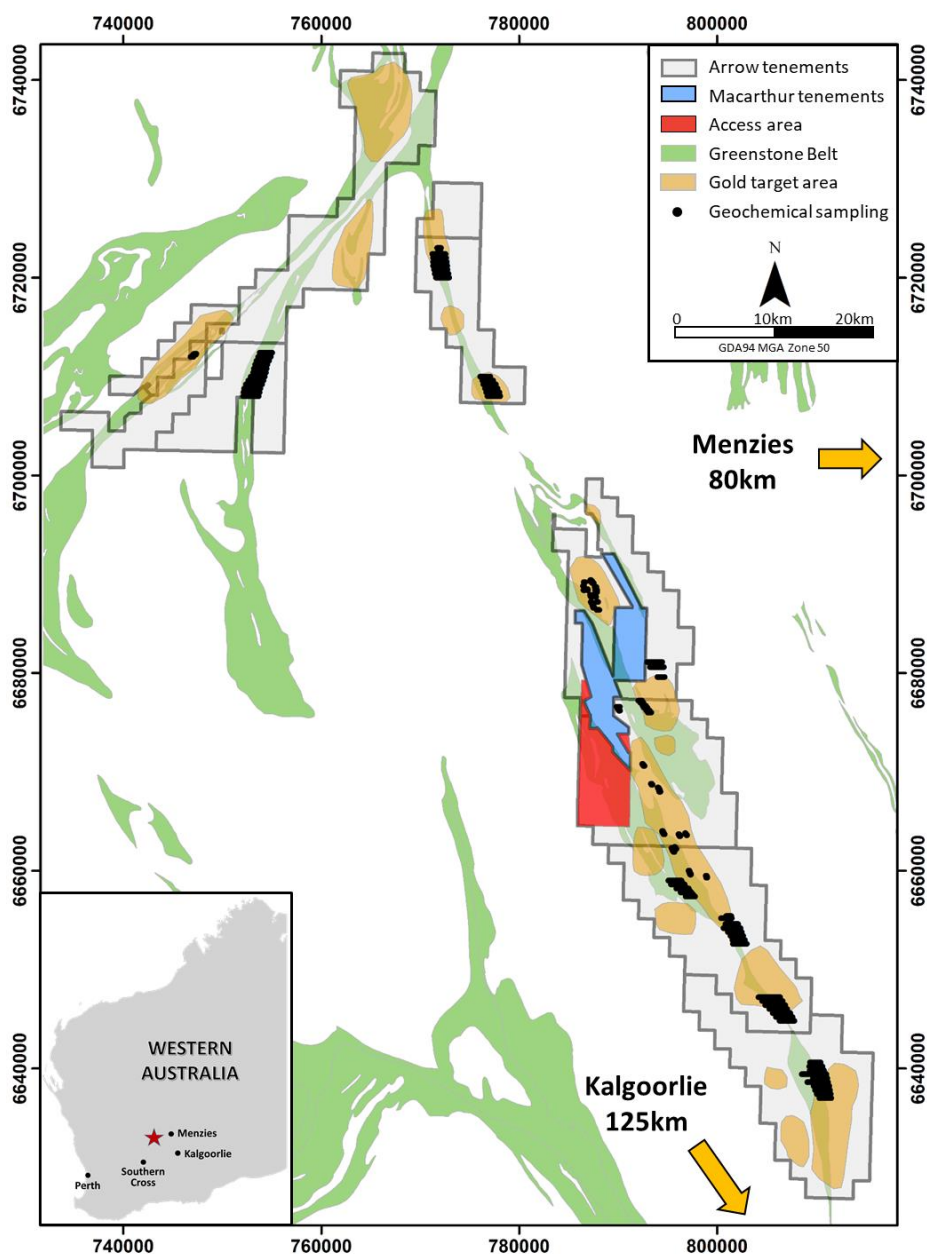
Hole ID	Easting	Northing	RL	Target
19AFDD1004	657996	6690752	192m	Regal
19AFDD1005	662077	6662506	223m	Perle
19AFDD1006	656274	6660539	224m	Meera
19AFDD1007	635660	6618390	200m	Mafic
19AFDD1007A	635660	6618390	200m	Mafic
19AFAC10779	636992	6624034	206m	Mafic

## STRICKLAND PROJECT (AMD 100%)

On 20 December 2019 Arrow entered into an agreement for Macarthur Minerals Limited (ASX: MIO, TSX-V: MMS) (**Macarthur**) to gain access to a small portion of the Strickland Gold Project necessary for infrastructure related to its Moonshine Magnetite Project (**Figure 6**).

Pursuant to the terms of the agreement the total consideration paid by Macarthur is \$500,000, comprising \$250,000 payable immediately in cash, and \$250,000 worth of Macarthur shares in six months. The shares will be issued at a 20% discount to the 5-day VWAP prior to the date of issue.





**Figure 6: Strickland Gold Project tenement map showing Macarthur tenements and access area**

Arrow has completed a review of the extensive data acquired over the Strickland Gold Project. As a result of this review, several areas are currently being sampled in an effort to confirm gold anomalism encountered where the previous sampling may have been ineffective. This sampling programme, including soil sampling and shallow auger drilling (**Figure 6**), will enable follow-up field work over prospective areas during 2020. The ongoing sampling programme will be completed in March 2020 and any further work deemed appropriate will be scheduled for later in 2020.

### Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Howard Golden who is a Member of the Australian Institute of Geoscientists. Mr Golden is a full-time employee 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". Mr Golden consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Additionally, Mr Golden 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

### *Boromo Acquisition*

On 15 August 2019, Arrow advised that its shareholders had approved the acquisition of Boromo through an all-scrip transaction. On 26 August, Arrow acquired 100% of the issued capital of Boromo through the issue 289,297,910 ordinary shares and 209,046,880 Performance Rights to Boromo shareholders and Performance Rights holders, of which 69,682,290 were converted to shares on 30 December 2019 following satisfaction of the associated performance condition.

### *Capital raising*

On 4 July 2019 and 22 August 2019, Arrow completed a two-tranche placement to raise a total of \$2.1 million through the issue of 220,300,000 ordinary shares and 120,150,000 options exercisable at 2¢ on or before 22 August 2022.

### *Employee Share Scheme*

On 19th August 2019, the Company issued 15,500,000 shares to directors and employees pursuant to the Employee Share Scheme.

On 15 October 2019, the Company bought back, for no consideration, 6,425,357 shares previously issued under the Employee Share Scheme.

### *Lapse of Options*

During the period, the Company advised that the following options had lapsed:

- 120,872,133 quoted options exercisable at 10¢ on or before 31/12/2019 (ASX:AMDOA)
  - 13,146,469 unquoted options exercisable at 7.0¢ on or before 31/12/2019
- 134,018,602**

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

### Quoted Securities

Ordinary shares on issue (ASX:AMD)	907,395,452
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### Unquoted Securities

Unquoted options exercisable at 1.25¢ on or before 15/10/2022	10,000,000
Unquoted options exercisable at 2.0¢ on or before 22/08/2022	120,150,000
Unquoted options exercisable at 1.45¢ on or before 22/08/2023	37,500,000

### Performance Rights

Performance rights expiring 26/08/2022 (Class B)	69,682,290
Performance rights expiring 26/08/2023 (Class C)	69,682,300

### **Unissued shares**

As at 31 December 2019 there were no unissued shares of the Company.

### ***Company Secretary Appointment and Resignation***

Ms Catherine Grant-Edwards was appointed as Company Secretary of Arrow effective 26 August 2019. Mr Matthew Foy resigned as Company Secretary of Arrow effective 10 December 2019. Ms Melissa Chapman was appointed as Company Secretary effective 10 December 2019. Together, Ms Grant-Edwards and Ms Chapman perform the role of Joint Company Secretary.

### **EVENTS AFTER THE BALANCE SHEET DATE**

Subsequent to the period end, on 30 January 2020 Arrow announced it has executed an earn-in agreement with Roxgold Inc. (TSX: ROXG) (Roxgold) wherein Roxgold can earn a 70% interest in Arrow's Hounde South Project (Project) after expenditure of up to US\$1 million (~A\$1.5 million) in exploration in two stages over four years.

The Project consists of two exploration licences (being the Fofora and Konkaira permits) adjacent to Roxgold's Boussoura permit in southwest Burkina Faso (see **Figure 1**). Historical exploration at the Project included stream sediment sampling that demonstrated the potential for gold mineralisation traversing both Arrow's and Roxgold's licenses.

Under the Earn-in Agreement, Roxgold can acquire an initial 51% interest in the Project with the option to increase its interest to 70% through exploration expenditure as follows:

- First earn-in stage – Roxgold earns 51% interest by spending US\$600,000 (~A\$0.9 million) over two years;
- Second earn-in stage – Roxgold may increase its interest to 70% by spending US\$400,000 (~A\$0.6 million) over the following two years; and
- Roxgold and Arrow will form a joint venture where both companies contribute according to their interest for the remainder of the project life.

Steven Michael resigned from the Board of Directors and Howard Golden was appointed to the Board of Directors as Managing Director, both movements being effective 5 February 2020.

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 13.

Signed in accordance with a resolution of the Directors.



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**Howard Golden**

**Managing Director**

Perth, 11 March 2020

**Appendix A – Schedule of Tenements as at 31 December 2019**

Tenement ID	Status	Interest at beginning of Period	Interest acquired or disposed	Interest at end of period
<b>Strickland Gold Project</b>				
E16/495	Granted	100%	-	100%
E16/498	Granted	100%	-	100%
E30/503	Granted	100%	-	100%
E30/488	Granted	100%	-	100%
E30/493	Granted	100%	-	100%
E30/494	Granted	100%	-	100%
E77/2403	Granted	100%	-	100%
E77/2416	Granted	100%	-	100%
E77/2432	Granted	100%	-	100%
E77/2570	Granted	100%	-	100%
<b>Malinda Lithium Project</b>				
E09/1618	Granted	35%	-	35%
E09/2169	Granted	100%	-	100%
E09/2170	Granted	100%	-	100%
E09/2197	Granted	100%	-	100%
E09/2198	Granted	100%	-	100%
E09/2283	Granted	100%	-	100%
<b>Plumridge Nickel Project</b>				
E28/1475	Granted	10%	-	10%
E28/2266	Granted	10%	-	10%
E28/2267	Granted	10%	-	10%
E28/2317	Granted	10%	-	10%
E39/1084	Granted	10%	-	10%
E39/1709	Granted	10%	-	10%
E39/1710	Granted	10%	-	10%
E39/1731	Granted	10%	-	10%
E39/2088	Granted	10%	-	10%
E28/2889	Application <sup>1</sup>	-	-	-
E28/2896	Application <sup>1</sup>	-	-	-
E28/2900	Application <sup>1</sup>	-	-	-
E28/2902	Application <sup>1</sup>	-	-	-

<sup>1</sup> Applications are subject to a ballot

**Appendix B – Schedule of Burkina Faso Tenements as at 31 December 2019**

Tenement ID	Status	Interest at beginning of period	Interest acquired or disposed	Interest at end of period
<b>Divole East &amp; West</b>				
17/046/MEMC/SG/DGCM	Granted	0%	100%	100%
17/047/MEMC/SG/DGCM	Granted	0%	100%	100%
19/047/MEMC/SG/DGCM	Granted	0%	100%	100%
17/046/MEMC/SG/DGCM	Application	-	-	-
17/046/MEMC/SG/DGCM	Application	-	-	-
<b>Boulsa</b>				
18/152/MEMC/SG/DGCM	Granted	0%	100%	100%
18/153/MEMC/SG/DGCM	Granted	0%	100%	100%
17/046/MEMC/SG/DGCM	Application	-	-	-
<b>Hounde South &amp; Nako</b>				
16/226/MEMC/SG/DGCM	Granted	0%	100%	100%
16/227/MEMC/SG/DGCM	Granted	0%	100%	100%
16/228/MEMC/SG/DGCM	Granted	0%	100%	100%
17/046/MEMC/SG/DGCM	Application	-	-	-
<b>Gourma</b>				
17/208/MEMC/SG/DGCM	Granted	0%	100%	100%
17/219/MEMC/SG/DGCM	Granted	0%	100%	100%
17/220/MEMC/SG/DGCM	Granted	0%	100%	100%
17/221/MEMC/SG/DGCM	Granted	0%	100%	100%

**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 2019, 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 APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

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, 11 March 2020

## Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2019

	Notes	31 Dec 2019 \$	31 Dec 2018 \$
<b>Continuing Operations</b>			
Finance income		2,500	31,590
Gain on disposal of investments / associate		26,801	1,284,068
Revaluation of contingent consideration		27,164	-
Net loss on financial assets measured at fair value through profit or loss		(30,651)	(882,019)
Profit on sale of tenements		562,500	100,000
Loss on sale of fixed assets		(3,651)	-
Other income		-	1,778
Employee benefits expenses	11	(634,477)	(331,522)
Occupancy costs		(15,708)	(29,512)
Amortisation of right of use assets		(39,124)	-
Impairment of exploration & evaluation assets	5	(4,604,170)	-
Finance costs		(2,786)	(5,567)
Depreciation		(41,150)	(44,870)
Share based payment expenses	7	(67,307)	(119,220)
Administration and other expenses		(639,833)	(145,857)
Loss before tax from continuing operations		<b>(5,459,892)</b>	<b>(141,131)</b>
Income tax expense		-	-
Loss after tax from continuing operations		<b>(5,459,892)</b>	<b>(141,131)</b>
<b>Other comprehensive income/(loss)</b>			
Items that may be classified subsequently to profit or loss			
Movement in foreign currency translation reserve		(12,542)	-
Other comprehensive income/(loss) for the period		<b>(12,542)</b>	-
<b>Total comprehensive loss for the period attributable to members of the company</b>		<b>(5,472,434)</b>	<b>(141,131)</b>

<b>Loss per share</b>	Cents	Cents
- Basic and diluted loss	(1.080)	(0.046)

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



## Consolidated Statement of Financial Position

As at 31 December 2019

	Notes	31 Dec 2019 \$	30 Jun 2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		877,233	753,368
Other financial assets	4	105,112	566,283
Trade and other receivables		434,240	70,614
Prepayments		489,276	186,405
<b>Total current assets</b>		<b>1,905,861</b>	<b>1,576,670</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	5	8,945,675	8,550,831
Property, plant and equipment		94,357	211,174
Right of use assets		107,691	-
<b>Total non-current assets</b>		<b>9,147,723</b>	<b>8,762,005</b>
<b>TOTAL ASSETS</b>		<b>11,053,584</b>	<b>10,338,675</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		294,635	119,228
Payroll liabilities		43,703	101,030
Lease liabilities		45,331	-
Interest bearing liabilities		37,891	30,705
Contingent consideration	2f	146,333	-
<b>Total current liabilities</b>		<b>567,893</b>	<b>250,963</b>
<b>Non-current liabilities</b>			
Lease liabilities		63,250	-
Interest bearing liabilities		-	91,050
<b>Total non-current liabilities</b>		<b>63,250</b>	<b>91,050</b>
<b>TOTAL LIABILITIES</b>		<b>631,143</b>	<b>342,013</b>
<b>NET ASSETS</b>		<b>10,422,441</b>	<b>9,996,662</b>
<b>EQUITY</b>			
Issued capital	6	40,741,351	35,136,180
Reserves		2,284,014	2,003,514
Accumulated losses		(32,602,924)	(27,143,032)
<b>TOTAL EQUITY</b>		<b>10,422,441</b>	<b>9,996,662</b>

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

## Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2019

	Issued capital	Share based payment reserve	Foreign currency translation reserve	Available-for-sale reserve	Option reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$	\$	\$
<b>Restated at 1 July 2018<sup>^</sup></b>	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)	-
<b>As at 31 Dec 2018</b>	<b>35,136,180</b>	<b>1,939,871</b>	<b>(476,281)</b>	<b>-</b>	<b>522,738</b>	<b>(23,374,411)</b>	<b>13,747,097</b>
<b>As at 1 July 2019</b>	<b>35,136,180</b>	<b>1,957,057</b>	<b>(476,281)</b>	<b>-</b>	<b>522,738</b>	<b>(27,143,032)</b>	<b>9,996,662</b>
Loss for the period	-	-	-	-	-	(5,459,892)	(5,459,892)
Other comprehensive loss	-	-	(12,542)	-	-	-	(12,542)
Total comprehensive loss	-	-	(12,542)	-	-	(5,459,892)	(5,472,434)
Issue of Shares (net of costs)	5,605,171	-	-	-	-	-	5,605,171
Issue of options	-	-	-	-	225,735	-	225,735
Share based payments	-	67,307	-	-	-	-	67,307
Total transactions with equity holders	5,605,171	67,307	-	-	225,735	-	5,898,213
<b>As at 31 December 2019</b>	<b>40,741,351</b>	<b>2,024,364</b>	<b>(488,823)</b>	<b>-</b>	<b>748,473</b>	<b>(32,602,924)</b>	<b>10,422,441</b>

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

<sup>^</sup>Certain amounts shown here do not correspond to the 30 June 2018 financial statements. Please refer to the June 2019 Annual Report for details on the restatement of prior period balances.

## Consolidated Statement of Cash Flows

For the half year ended 31 December 2019

	Note	31 Dec 2019 \$	31 Dec 2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(1,203,133)	(545,461)
Interest income received		2,500	20,716
<b>Net cash used in operating activities</b>		<b>(1,200,633)</b>	<b>(524,745)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from the sale of financial investments / associate	4 (ii)	407,322	1,046,972
Proceeds from the sale of tenements		250,000	200,000
Proceeds from sale of property, plant and equipment		95,454	-
Payment for exploration and evaluation activities		(1,390,336)	(2,104,080)
Payment for property, plant and equipment		-	(2,909)
<b>Net cash used in investing activities</b>		<b>(637,560)</b>	<b>(860,017)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares and options		2,193,000	-
Payments for costs of raising capital		(93,266)	-
Payment of the principal of lease liabilities		(38,234)	-
Payment of motor vehicle lease liabilities		(84,114)	(13,937)
Interest paid		(2,786)	(5,567)
<b>Net cash from/(used in) financing activities</b>		<b>1,974,600</b>	<b>(19,504)</b>
Net increase / (decrease) in cash and cash equivalents		136,407	(1,404,266)
Effect of exchange rate movements		(12,542)	-
Cash and cash equivalents at the beginning of the period		753,368	3,758,484
<b>Cash and cash equivalents at the end of the period</b>		<b>877,233</b>	<b>2,354,218</b>

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 (**Company**) and its controlled entities (**Group**) for the half-year ended 31 December 2019 was authorised for issue in accordance with a resolution of the directors on 11 March 2020. 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 and Burkina Faso.

### 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 2019 include the Company and its controlled entities.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2019 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.

#### (a) Changes in Entity

On 26 August 2019, Arrow acquired 100% of the issued capital of Boromo and 100% of its subsidiaries through the issue 289,297,910 ordinary shares and 209,046,880 Performance Rights to Boromo shareholders and Performance Rights holders. Refer to note 3 for further detail.

#### (b) 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.

#### (c) AASB 16 'Leases'

The Group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 January 2019, including AASB 16 Leases. AASB 16 replaces AASB 117 Leases and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition, right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis.

Lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

In accordance with the transition requirements of AASB 16, the Group has elected to apply AASB 16 retrospectively to those contracts that were previously identified as leases under the predecessor standard, with the cumulative effect, if any, of initially applying the new standard recognised as an adjustment to opening retained earnings at the date of initial application (i.e. at 1 July 2019). Accordingly, comparative information has not been restated.

The Group has also elected to apply the following practical expedients to the measurement of right-of-use assets and lease liabilities in relation to those leases previously classified as operating leases under the predecessor standard:

- to recognise each right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application;
- to not recognise a right-of-use asset and a lease liability for leases for which the underlying asset is of low value;
- to not recognise a right-of-use asset and a lease liability for leases for which the lease term ends within 12 months of the date of initial application; and
- to use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

The application of AASB 16 resulted in the recognition of right-of-use assets with an aggregate carrying amount of \$107,691 (referred to in these financial statements as "right of use assets") and corresponding lease liabilities with an aggregate carrying amount of \$108,581.

Other amendments and interpretations relevant to the Group include:

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of Business with effective date 1 January 2020;
- Interpretations 23 Uncertainty Over Income Tax Treatments – Effective date of Interpretation 23 Uncertainty over Income Tax Treatments with effective date 1 January 2019; and
- Annual Improvements to IFRS Standards 2015-2017 Cycle – Effective date on amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs with effective date 1 January 2019.

The amendments and interpretations above, all of which apply to the Group as at 1 July 2019 have not had a material impact on the transactions and balances recognised in the financial statements.

#### **(d) 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 2019 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.

**(e) Measurement of fair value financial instruments**

The fair value of the Group's financial investments warrants held in Pacton Gold Inc (TSXV: PAC.V) traded is measured using valuation techniques including the Black-Scholes option pricing model at the end of the reporting period.

**(f) Measurement of contingent consideration**

When the fair values of financial assets and financial liabilities recorded in the Consolidated Statement of Financial Position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Black-Scholes option pricing model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

Contingent consideration, resulting from asset acquisitions, is valued at fair value at the acquisition date as part of the asset acquisition. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on a probability weighted payout approach. The key assumptions take into consideration the probability of meeting each performance target (refer to Note 3).

As part of the accounting for the acquisition of Boromo, contingent consideration with an estimated fair value of \$730,955 was recognised as a current liability at the acquisition date. During the period, the first performance milestone was met, with \$557,458 transferred to Issued Capital. The remaining contingent consideration was remeasured to \$146,333 as at the current reporting date.

Please refer to the Group's 30 June 2019 financial statements for further financial instrument disclosures.

**(g) 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 2019 of \$5,459,892 (31 December 2018: \$141,131) and a net cash outflow from operating and investing activities of \$1,838,193 (31 December 2018: \$1,384,762). Net assets of the Group as at 31 December 2019 were \$10,422,441 (30 June 2019: \$9,996,662). Cash and cash equivalents as at 31 December 2019 of \$877,233 (30 June 2019: \$753,368).

The ability of the Group to continue as a going concern is dependent on it being able to successfully raise further debt or capital funding. The Directors are confident that the Group will be able to continue as a going concern and meet its current liabilities as and when they fall due.

On this basis no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the Group not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

Should the Group be unable to raise further debt or capital with the initiatives detailed above then, the Group may in the future not be able to continue as a going concern and may therefore be required to realise assets and extinguish liabilities other than in the ordinary course of business with the amount realised being different from those shown in the financial statements.

### 3. ACQUISITION OF BOROMO GOLD LIMITED

On 26 August 2019, Arrow acquired 100% of the issued capital of Boromo through the issue 289,297,910 ordinary shares and 209,046,880 Performance Rights to Boromo shareholders and Performance Rights holders.

The transaction was accounted for as an acquisition of assets at fair value by Arrow, as it did not meet the definition of a business combination as per AASB 3 *Business Combinations*.

Boromo's primary assets comprised rights over twelve granted gold exploration licenses which cover a combined area of 1,907km<sup>2</sup> and two pending exploration applications which cover a further 106km<sup>2</sup> all located in Burkina Faso.

#### Consideration paid

	\$
289,297,910 ordinary shares issued	2,892,979
209,046,880 performance rights issued	730,955
Acquisition costs incurred	197,241
<b>Total assets and liabilities acquired</b>	<b><u>3,821,175</u></b>

#### Assets and liabilities acquired

The purchase price has been allocated to the fair value of the assets and liabilities acquired as follows:

	\$
Assets and liabilities held at acquisition date:	
- Exploration and evaluation assets	3,971,285
- Cash and cash equivalents	46,919
- Other assets	90,113
- Trade and other payables	(96,562)
- Arrow Minerals Limited loan payable	<u>(190,580)</u>
<b>Total assets and liabilities acquired</b>	<b><u>3,821,175</u></b>

The Arrow performance rights issued to Boromo vendors were accounted for as contingent consideration as a current liability, notwithstanding the performance rights issued to the vendors relate to performance milestones in the future and are dependent on strategy and work programs which will be determined only after the transaction date, as a combined entity. Each tranche was valued at acquisition date using the Black-Scholes option pricing model, based on historic volatility and assessed likelihood of vesting; and all changes in fair value of contingent consideration thereafter going to the Consolidated Statement of Comprehensive Income, as required by AASB 9.

The acquisition had the following impact on the Company's financial statements:

- Net assets increased by \$2,892,979, being:
  - Exploration assets (non-current assets) increased by \$3,971,285
  - Cash and cash equivalents (current assets) increased by \$46,619
  - Other assets (current assets) decreased by \$107,128
  - Trade and other payables (current liabilities) increased by \$287,142
  - Contingent consideration (current liabilities) increased by \$730,955
- Issued Share Capital increased by \$2,892,979

The performance rights issued to the vendors are subject to the following performance milestones:

1. Discovery of at least two mineralised drill hole intercepts with a gold grade times length weighted average in excess of 25 grams per tonne, using a weighted average gold cut-off of 0.5g/t, located on the Tenements on or before the date that is 3 years after Settlement (Class A);
2. Announcement by Arrow of a JORC 2012 compliant Inferred, Indicated and Measured Resource collectively of at least 500,000oz of gold located on the Tenements on or before the date that is 4 years after Settlement (Class B); and
3. Announcement by Arrow of a JORC 2012 compliant Inferred, Indicated and Measured Resource collectively of at least 1,000,000oz of gold located on the Tenements on or before the date that is 4 years after Settlement (Class C).

#### 4. OTHER FINANCIAL ASSETS

	31 Dec 2019	30 Jun 2019
	\$	\$
Deferred Contingent Consideration – Pacton Gold Inc. (i)	-	54,500
Ordinary Shares in Pacton Gold Inc. (ii)	-	380,520
Warrants in Pacton Gold Inc.	105,112	131,263
Financial assets at fair value through profit or loss	<b><u>105,112</u></b>	<b><u>566,283</u></b>

- (i) The Group recognised deferred contingent consideration on the sale of a 51% interest in Arrow (Pilbara) Pty Ltd. Under the agreement Pacton Gold Inc. (**Pacton**) would pay the Group C\$200,000 upon granting of two exploration licence applications, with C\$100,000 paid on the grant of each application. At 30 June 2019, the Group assessed the likelihood of receiving the deferred contingent consideration and recorded a financial asset at fair value of \$54,500. On 23 December 2019, a final settlement was reached whereby Pacton agreed to pay Arrow \$50,000 to release Pacton from any further obligations to Arrow under the agreement, and to enable Pacton to pursue the withdraw from the two licence exploration licence applications. This amount was paid after 31 December 2019 and is included as a current asset at the reporting date.
- (ii) During the period, the Group sold the ordinary shares in Pacton Gold Inc for \$407,322 (net of costs) with a gain on disposal recognised in the Consolidated Statement of Comprehensive Income of \$26,801.

#### 5. EXPLORATION AND EVALUATION ASSETS

	31 Dec 2019	30 Jun 2019
	\$	\$
Balance at the beginning of the period	8,550,831	8,041,647
Acquisition of Boromo assets at fair value during the period	3,971,285	-
Expenditure incurred during the period	1,027,729	3,135,060
Impairment recognised during the period (i)	(4,604,170)	(2,625,876)
Balance at the end of the period	<b><u>8,945,675</u></b>	<b><u>8,550,831</u></b>
<i>The asset balance comprises of:</i>		
Strickland Gold project	2,250,000	6,112,043
Malinda Lithium Project	1,000,000	1,488,598
Boromo Gold Project	4,736,507	-
Plumridge Nickel and Gold Projects	959,168	950,190
	<b><u>8,945,675</u></b>	<b><u>8,550,831</u></b>

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

- (i) During the period, the Group assessed for impairment where indicators were noted on the Strickland Gold and Malinda Lithium projects. Based on an analysis of the fair value of the



projects, less costs to sell, an impairment charge for 31 December 2019 was recognised for \$4,604,170 (30 June 2019: \$2,625,876).

## 6. ISSUED CAPITAL

	31 Dec 2019	30 Jun 2019
Ordinary shares full paid	<u>907,395,452</u>	<u>314,540,609</u>

### (a) Movement in ordinary share capital

	Nos.	\$
<b>Balance at 1 July 2018</b>	<b>306,976,322</b>	<b>305,136,180</b>
17 September 2018 – cancellation of ESP shares	(1,435,713)	-
22 November 2018 – ESP issue	<u>9,000,000</u>	<u>-</u>
<b>Balance at 30 June 2019</b>	<b><u>314,540,609</u></b>	<b><u>35,136,180</u></b>
4 July 2019 – Placement	57,000,000	532,461
19 August 2019 – ESP issue (note 7)	15,500,000	-
22 August 2019 – Placement	163,300,000	1,594,538
26 August 2019 – Boromo acquisition	289,297,910	2,875,715
31 August 2019 – Placement (adviser shares)	3,000,000	30,000
31 August 2019 – Consulting services (fees settled via shares)	1,500,000	15,000
15 October 2019 – ESP buy back and cancellation	(6,425,357)	-
30 December 2019 – Placement (vested Boromo performance rights)	69,682,290	696,148
31 December 2019 – Revaluation of Boromo performance rights	-	(138,691)
<b>Balance at 31 December 2019</b>	<b><u>907,395,452</u></b>	<b><u>40,741,351</u></b>

### 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:

<u>Expiry date</u>	<u>Nos.</u>	<u>Exercise Price (\$)</u>
15/10/2022	10,000,000	0.0125 <sup>1</sup>
22/08/2022	120,150,000	0.0200 <sup>1</sup>
22/08/2023	<u>37,500,000</u>	0.0145 <sup>1,2</sup>
	<b><u>167,650,000</u></b>	

1. These options are unlisted.

2. These options were issued to corporate advisors, with a value attributed to each option of \$0.0063. As there were no performance milestones attached, an expense of \$225,735 is included within administration and other expenses. These options were valued by applying a Black-Scholes option pricing model, with the following inputs:

Number of options	37,500,000
Underlying share price	\$0.0110
Exercise price	\$0.0145
Expected volatility	86.79%
Expiry date (years)	4
Expected dividends	Nil
Risk free rate	1.24%
Value per option	0.0063

<b>Movements</b>	<b><u>Nos.</u></b>
Options outstanding as at 1 July 2019	134,018,602
Granted	167,650,000
Expired	<u>(134,018,602)</u>
<b>Options outstanding at 31 Dec 2019</b>	<b><u>167,650,000</u></b>

### (c) Performance rights

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

<b><u>Expiry date</u></b>	<b><u>Nos.</u></b>	<b><u>Exercise Price (\$)</u></b>
26/08/2022	69,682,290	0.008
26/08/2023	<u>69,682,300</u>	0.008
	<b><u>139,364,590</u></b>	

<b>Movements</b>	<b><u>Nos.</u></b>
Performance rights outstanding as at 1 July 2019	-
Granted (see note 3)	209,046,880
Vested	<u>(69,682,290)</u>
<b>Performance rights outstanding at 31 Dec 2019</b>	<b><u>139,364,590</u></b>

## 7. 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 19 August 2019. 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 Black-Scholes option pricing model, with the following inputs for the relevant milestones.

	<b><u>Milestones 1-5</u></b>	<b><u>Milestone 6</u></b>
Number of shares	11,625,000	3,875,000
Underlying share price	\$0.01400	\$0.01400
Exercise price	\$0.01426	\$0.01348
Expected volatility	108.21%	108.98%
Expiry date (years)	3	1
Expected dividends	Nil	Nil
Risk free rate	0.67%	0.72%
Value per option	\$0.0092	\$0.0066

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 25 gram metres gold (e.g. two separate drill intersections of 10 metres @ 2.5g/t Au), or gold equivalent;
2. Discovery of multiple mineralised prospects as defined in Milestone 1;
3. Announce a JORC-compliant resource of 500,000oz 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 +50%; and
6. Continue to be an employee or Director of AMD until 31 December 2020.

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.

## 8. 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 segment being mineral exploration, and evaluation for the half-year periods ended 31 December 2019 and 31 December 2018.

## 9. 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 \$458,225 in the 12 month period to December 2020 (\$167,619 in Dec 2018). Exploration commitments include requirements under joint ventures for tenements held by other entities.

	31 Dec 2019	31 Dec 2018
Up to 1 year	458,225	167,619
Between 1 and 5 years	1,743,881	2,150,000
More than 5 years	-	-
	<u>2,202,106</u>	<u>2,317,619</u>

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.

### *Contingent assets or liabilities*

Boromo Gold Limited, through its subsidiary GenGold Resources Burkina (GRB), granted a royalty deed to pay US \$4 per ounce for every ounce of gold produced from the Divole East, Divole West, Nako, Konkaira

and Fofora tenements held by Gold Square Resources SASU (GSR) up to a maximum of US\$1,000,000. This royalty obligation is to the vendor to this transaction.

Boromo Gold Limited, through its subsidiary Black Star Resources Africa SASU, granted a royalty deed to pay a royalty of 1% of revenue derived from gold produced and sold by the Company in respect to Gourma interests to the vendors up to a maximum of US\$2,000,000.

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

## 10. SUBSEQUENT EVENTS

Subsequent to the period end, on 30 January 2020, Arrow announced it has executed an earn-in agreement with Roxgold Inc. (TSX: ROXG) (Roxgold) wherein Roxgold can earn a 70% interest in Arrow's Hounde South Project (Project) after expenditure of up to US\$1 million (~A\$1.5 million) in exploration in two stages over four years.

The Project consists of two exploration licences (being the Fofora and Konkaira permits) adjacent to Roxgold's Boussoura permit in southwest Burkina Faso (see Figure 1 of Directors' Report). Historical exploration at the Project included stream sediment sampling that demonstrated the potential for gold mineralisation traversing both Arrow's and Roxgold's licenses.

Under the Earn-in Agreement, Roxgold can acquire an initial 51% interest in the Project with the option to increase its interest to 70% through exploration expenditure as follows:

- First earn-in stage – Roxgold earns 51% interest by spending US\$600,000 (~A\$0.9 million) over two years;
- Second earn-in stage – Roxgold may increase its interest to 70% by spending US\$400,000 (~A\$0.6 million) over the following two years; and
- Roxgold and Arrow will form a joint venture where both companies contribute according to their interest for the remainder of the project life.

Steven Michael resigned from the Board of Directors and Howard Golden was appointed to the Board of Directors as Managing Director effective 5 February 2020.

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

## 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*

As a result of the Boromo acquisition on 26 August 2019 the Company announced the appointment of Mr Howard Golden as Chief Executive Officer; Mr Tommy McKeith and Mr Morgan Ball as Non-Executive Directors of the Company.

Mr Golden's appointment as Chief Executive Officer is effective from 1 August 2019 for an indefinite term subject to specified termination provisions. His remuneration package comprises a sign on bonus of \$25,000 and an annual salary of \$250,000 per annum plus statutory superannuation contributions, payable monthly in arrears. Mr Golden is entitled to participate in the Company's Employee Share Plan (ESP); on 19 August 2019 Mr Golden was allocated 6 million shares which are subject to vesting criteria (see note 7).

Messrs McKeith and Ball are each entitled to \$36,000 per annum plus statutory superannuation contributions in remuneration for their services as Non-Executive Directors, payable monthly in arrears. Their remuneration is subject to annual review by the Board of Directors and approval by the shareholders

of the Company. Messrs McKeith and Ball are entitled to participate in the Company's Employee Share Plan (ESP); on 19 August 2019 they were each allocated 1.5 million shares which are subject to vesting criteria (see note 7).

Also, as a result of the Boromo acquisition, Steven Michael's employment as Managing Director and Matthew Foy's employment as Company Secretary were terminated. Messrs Michael and Foy both qualified for genuine redundancy under TR 2009/2 and received a statutory redundancy and a termination payment as stipulated within their service agreements, amounting to \$299,681 and \$69,108 respectively. These amounts are included in the Statement of Comprehensive Income in Employee Benefits Expense.

For the period during which Mr Ong served on the Board, his remuneration was paid directly to his related party, Minerva Corporate Pty Ltd. Mr Ong resigned from the Board of Directors in August 2019 and there is no outstanding balance in trade creditors on account of these services (Dec 2018: \$3,000).

During the period, Dr Tabearth's remuneration for his services as Non-Executive Chairman was increased from \$3,000 per month to \$4,000 per month (ex GST), paid directly to his related party, Geogen Consulting Pty Ltd. No additional fees were 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 Tabearth is a related party of Mitchell River Group Pty Ltd and Arrow Minerals Limited.

During the half-year, an amount of \$7,722 (Dec 2018: \$24,989) inclusive of GST was paid or payable in relation to these services.

Following the acquisition of Boromo during the period, there is a legacy receivable of \$28,751 and payable of \$30,078 between Boromo and Albury Resources SASU which is 100% owned by GenGold Resources Capital (Pty) Ltd, of whom Tommy McKeith is a major shareholder.

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

### ***Parent and subsidiaries***

The parent entity and the ultimate parent entity of the Group is Arrow, a company listed on the Australian Securities Exchange. Following the acquisition of Boromo, the components of the Group are:

	Incorporated	Ownership Percentage	
		31 Dec 2019	30 Jun 2019
<b><i>Parent</i></b>			
Arrow Minerals Limited	Australia	-	-
<b><i>Controlled entities</i></b>			
Arrow (Pardoo) Limited	Australia	100%	100%
Edurus Resources SA	South Africa	100%	100%
Arrow (Strickland) Pty Ltd	Australia	100%	100%
Arrow (Malinda) Pty Ltd	Australia	100%	100%
Arrow (Deralinya) Pty Ltd	Australia	100%	100%
Arrow (Plumridge) Pty Ltd	Australia	100%	100%
Arrow (Leasing) Pty Ltd	Australia	100%	100%
Boromo Gold Limited (i)	Australia	100%	0%
GenGold Resources Burkina (i)	Caymans	100%	0%
Gold Square Resources SASU (i)	Burkina Faso	100%	0%
Farafina Resources SASU (i)	Burkina Faso	100%	0%
Black Star Resources Africa SASU (i)	Burkina Faso	100%	0%

(i) Acquired by the Company on 26 August 2019 (note 3).

## 12. FINANCIAL INSTRUMENTS

The fair value of the Group's financial assets in quoted equity shares held 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. These instruments are included in level 1.

The fair value of the Group's financial investments in unquoted equity warrants are not traded on an active market and are based on significant observable inputs (level 2) at the end of the reporting period. These instruments are included in level 2.

The fair value of the Group's contingent consideration is measured using management's weighted probability of performance milestone. These instruments are included in level 3.

<b>31 December 2019</b>			<b>Quoted prices in active markets (Level 1)</b>	<b>Significant observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
<b>Assets measured at fair value:</b>	<b>Date of valuation</b>	<b>Total \$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Unquoted Warrants in Listed Companies	31 Dec 2019	105,112	-	105,112	-
Contingent consideration	31 Dec 2019	146,333	-	-	146,333

<b>30 June 2019</b>			<b>Quoted prices in active markets (Level 1)</b>	<b>Significant observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
<b>Assets measured at fair value:</b>	<b>Date of valuation</b>	<b>Total \$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Shares in Listed Companies	30 June 2019	380,520	380,520	-	-
Unquoted Warrants in Listed Companies	30 June 2019	131,263	-	131,263	-
Contingent receivable	30 June 2019	54,500	-	-	54,500

## 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 28 are 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 2019 and of its performance for the period ended on that date: and
  - b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*; and
2. Subject to the matters set out in note 2(g), 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 period ended 31 December 2019.

On behalf of the Board



**Howard Golden**  
**Managing Director**

Perth, 11 March 2020

## 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 condensed financial report of Arrow Minerals Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 Company are responsible for the preparation of the half-year condensed 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 condensed 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 condensed 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 condensed 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 2019 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 condensed 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*.

#### *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 condensed financial report of the Group 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 2019 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



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

*Material Uncertainty Relating to Going Concern*

Without modifying our opinion, we draw attention to Note 2(g) in the financial report, which indicates that the Group incurred a net loss of \$5,459,892 during the half-year ended 31 December 2019 and, as of that date, a net cash outflow from operating and investing activities was \$1,838,193. These conditions, along with other matters as set forth in Note 2(g), indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

*Pitcher Partners BA&A Pty Ltd*

PITCHER PARTNERS BA&A PTY LTD



JOANNE PALMER  
Executive Director  
Perth, 11 March 2020



**ARROW  
MINERALS**

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