

**ARROW
MINERALS**

**ANNUAL FINANCIAL REPORT
30 JUNE 2018**

ABN 49 112 609 846



Directors

Steven Michael Managing Director
Dr Frazer Tabcart Non-Executive Director
Nicholas Ong Non-Executive Director

Company Secretary

Matthew Foy

Registered Office

Unit 18, 40 St Quentin Avenue
Claremont WA 6010
Telephone (08) 9383 3330
Facsimile (08) 9486 4799
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
 AMDOA

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Managing Director's Letter

Dear Shareholder,

On behalf of your Directors, I am pleased to present Arrow Minerals Limited's (**Arrow** or the **Company**) 2018 Annual Report and Financial Statements.

On 5 December 2017, shareholders approved the change of company name from Segue Resources Limited to Arrow Minerals Limited. This was a significant moment in the Company's history, representing a change in strategic focus from the previous exploration assets of the Company to the Strickland Gold Project and Malinda Lithium Project.

As part of this change, Arrow has entered into a joint venture with Independence Group NL over the Plumridge Nickel Project and disposed of its interests in the Pardoo Nickel Project, Pilbara Gold Project and Plumridge Gold Project. The asset sales and capital raisings completed during the year have left Arrow in a strong financial position and the Company can now move forward with two exceptional exploration assets, an outstanding technical team and considerable financial resources.

Prior to renaming and recapitalising the Company, Arrow completed maiden drilling programmes at both the Strickland Gold and Malinda Lithium Projects, with significant mineralisation confirmed at each project. This has given the Company's board and management confidence to aggressively pursue both projects, with each having the potential to become a "company maker".

The Strickland Gold Project is 100% owned by Arrow and covers 1,200km² of exploration licences, approximately 100km west of Menzies and 180km north-east 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. Very limited gold exploration has been undertaken in this region, as the main focus for the past 15-20 years has been on the region's iron ore potential.

Given the large tenement package and potential for considerable gold mineralisation, Arrow is undertaking systematic exploration with a focus on the "right work at the right scale". To this end, we have completed 1km x 1km BLEG sampling over the entire project area and combined this with geological and geophysical datasets to develop 19 camp-scale gold targets (T1 – 19). The challenge now for Arrow is to continually assess, progress and re-assess each target to ensure we are moving the project forward quickly and sensibly.

At the Malinda Lithium Project, Arrow completed a maiden reverse circulation drilling programme over the Tomahawk, T-Bone, Blade and Flank Prospects. Ore-grade lithium and tantalum mineralisation was intersected at each prospect, with additional testwork confirming spodumene as the primary lithium-bearing mineral in the majority of the high-grade (+2.0% Li₂O) samples. Arrow is currently assessing both the lithium and tantalum potential of the project, aided by recently acquired high-resolution aerial imagery and additional geological and geochemical data.

During the year, the Company spent \$3 million on exploration which was funded through disposing of non-core assets, the sale of a 51% interest in the Plumridge Nickel Project to IGO, share placements and an option entitlement issue. Arrow has ended the year in a very strong financial position, with cash, receivables and listed investments worth over \$5 million. The Company is able to continue its aggressive exploration strategy at the Strickland Gold Project, where drilling continues to deliver exciting results, without the need for additional funding. I would like to thank Arrow's shareholders for their continued support and look forward to advancing our gold, lithium and nickel assets.



Steven Michael
Managing Director

Directors' Report

Your directors submit their report for Arrow Minerals Limited (formerly Segue Resources Limited) for the year ended 30 June 2018.

DIRECTORS AND MANAGEMENT

The names of Arrow Minerals Limited's (**Arrow** or the **Company**) directors that held office during the year and until the date of this report are as below. Directors were in office for this entire period.

Mr Steven Michael Managing Director and Chief Executive Officer

Dr Frazer Tabearth Non-Executive Director

Mr Nicholas Ong Non-Executive Director

Mr Steven Michael – Managing Director & Chief Executive Officer

Mr Michael has extensive experience in the global resources sector specialising in corporate finance and equity capital markets. He has over 20 years' experience in natural resources with RBC Capital Markets, Macquarie Bank and NM Rothschild & Sons.

Mr Michael holds a B.Com, is a Member of the Institute of Chartered Accountants in Australia and is a member of the Australia Institute of Company Directors.



Other current directorships

Nil.

Former directorships in last 3 years

Nil.

Dr Charles (Frazer) Tabearth – Non-Executive Director, Chair of Remuneration Committee

Dr Tabearth is a graduate of the Royal School of Mines with a PhD and Honours in Mining Geology. He has over 25 years' experience in international exploration and mining projects, including 16 years with WMC Resources and 9 years with the Mitchell River Group of Companies. Whilst at WMC, Dr Tabearth managed Cu-Au and Ni-Cu exploration portfolios in the Philippines, Mongolia and southern Africa. At Mitchell River Group, Dr Tabearth has led African Energy Resources through the discovery and acquisition of several coal and uranium deposits in Botswana and Zambia, building a portfolio comprising 8.7 billion tonnes of thermal coal.



Dr Tabearth is a member of the Australian Institute of Geoscientists and a member of the Society of Economic Geologists.

Other current directorships

Dr Tabearth is currently Executive Director of African Energy Resources Limited, an ASX listed power development and generation company, Managing Director of ASX listed Polarx Ltd, Director of Mitchell River Group Pty Ltd (a private project generation and development company) and principal of Geogen Consulting Pty Ltd, a consultant to the minerals industry.

Former directorships in last 3 years

Nil.

Mr Nicholas Ong – Non-Executive Director, Chair of Audit & Risk Committee

Mr Ong was a Principal Adviser at the ASX in Perth and brings ten years' experience in listing rules compliance and corporate governance to the board. Mr Ong was an active member of the ASX JORC Group and has overseen the admission of in excess of 100 companies to the official list of the ASX.



Mr Ong is a member of Governance Institute Australia and has a MBA from the University of Western Australia.

Other current directorships

Mr Ong is currently Chairman of ASX listed Vonex Limited and Non-Executive Director of CoAssets Ltd, Helio Energy Limited and Black Star Petroleum Limited.

Former directorships in last 3 years

Non-Executive Director of Auroch Minerals Ltd, Excelsior Gold Limited, Fraser Range Metals Group Limited, Tianmei BG Corp Ltd, Bojun Agriculture Holdings Limited and Jiajiafu Modern Agriculture Limited.

Dean Tuck – Exploration Manager

Mr Tuck has over ten years' experience in international exploration with BHP Billiton, Talisman Mining and several private companies. Mr Tuck has been a part of multiple discoveries at Talisman Mining and BHP Billiton and been responsible for the discovery of the Malinda LCT Pegmatites in the Gascoyne Province.



Mr Tuck holds a BSc in Geoscience from the University of Texas (Dallas) and is a member of the Australian Institute of Geoscientists and a member of the Society of Economic Geologists.

Matthew Foy – Company Secretary

Mr Foy was previously a Senior Adviser at the ASX, has over ten years' experience in facilitating the compliance of listed companies. Mr. Foy is a qualified Chartered Secretary and possesses core competencies in publicly listed and unlisted company secretarial, administration and governance disciplines. His expertise is in corporate, commercial and securities law with an emphasis on capital raisings and mergers and acquisitions. He contributes general corporate and legal skills along with a strong knowledge of the ASX requirements.



Mr Foy is a member of Governance Institute Australia, has a Graduate Diploma (Applied Finance) from FINSIA and a B.Com from the University of Western Australia.

AUDITOR

Pitcher Partners BA&A Pty Ltd was appointed on 6 June 2018 in accordance with Section 327 of the Corporations Act 2001. The appointment follows the resignation of Pitcher Partners Corporate & Audit (WA) Pty Ltd. The change of auditor has occurred as part of an internal restructure within Pitcher Partners.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was mineral exploration in Western Australia. There were no significant changes in the nature of the Company's principal activities during the year.

RESULTS OF OPERATIONS

The net operating loss for the year ended 30 June 2018 was \$1,171,587 (30 June 2017: Loss of \$887,642).

REVIEW OF OPERATIONS

Exploration during the year focussed on the Strickland Gold Project and Malinda Lithium Project. Maiden drilling programmes were successfully completed at both projects, with highly encouraging results received. Arrow entered into sale or joint venture agreements on its remaining four projects (*Figure 1*).

The Company completed close to 30,000m of drilling at the Strickland Gold Project targeting the T1, T2, T6, T8 and T11 Prospects. The drilling confirmed gold mineralisation in several different geological settings, each having distinct characteristics analogous to known gold deposits across Western Australia. Significant gold results include 15m @ 1.5g/t including 3m @ 6.7g/t at the T1 Prospect and 48m @ 0.7g/t including 21m @ 1.1g/t at the T2 Prospect.

At the Malinda Lithium Project, Arrow completed a maiden 17 hole reverse circulation (RC) drilling programme over four outcropping pegmatites in September 2017. Drilling intersected up to 2.0% Li₂O (lithium) and over 800ppm Ta₂O₅ (tantalum). In addition, XRD analysis of high-grade lithium samples confirmed the primary lithium-bearing mineral as spodumene.

In February 2018, Arrow sold a 51% interest in the Plumridge Nickel Project to Independence Group NL (ASX: IGO) (IGO) for \$1,500,000. IGO can increase its interest in the joint venture to 90% through the expenditure of \$5,000,000 over four years. IGO owns the Nova Nickel Mine in the southern portion of the Fraser Range Province and is the largest tenement holder in the Fraser Range.

STRICKLAND GOLD PROJECT Eastern Goldfields, Western Australia

The Strickland Gold Project covers 1,200km² 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 unnamed Yerilgee Shear Zones (*Figure 2*).

Over the past year, Arrow has completed a project-wide geochemical survey (BLEG sampling) which has been integrated with geophysical and geological datasets to identify 19 camp-scale gold prospects (*Figure 3*). Gold camps have the potential to host multiple gold deposits within a major lithostructural zone (i.e. Jundee, Kundana, Ora Banda) or single significant deposits (i.e. Bronzewing, Wallaby, Darlot).

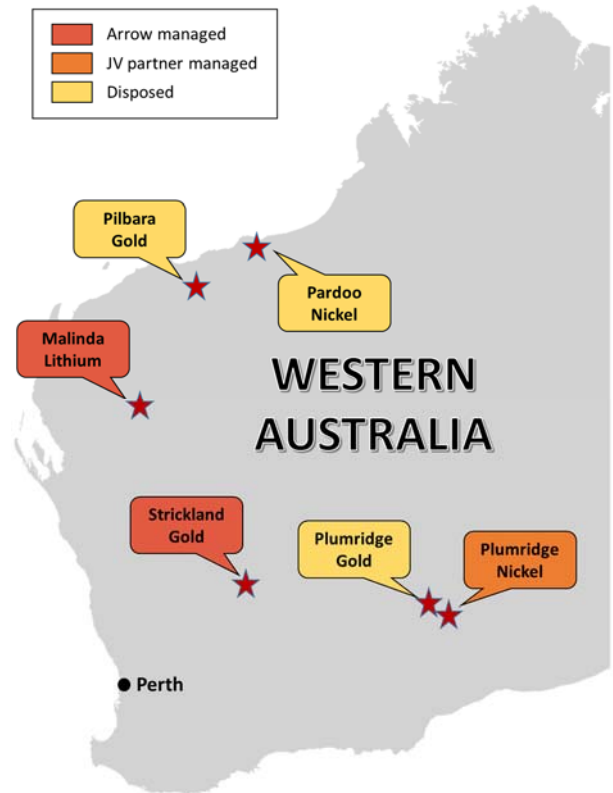


Figure 1: Project location map

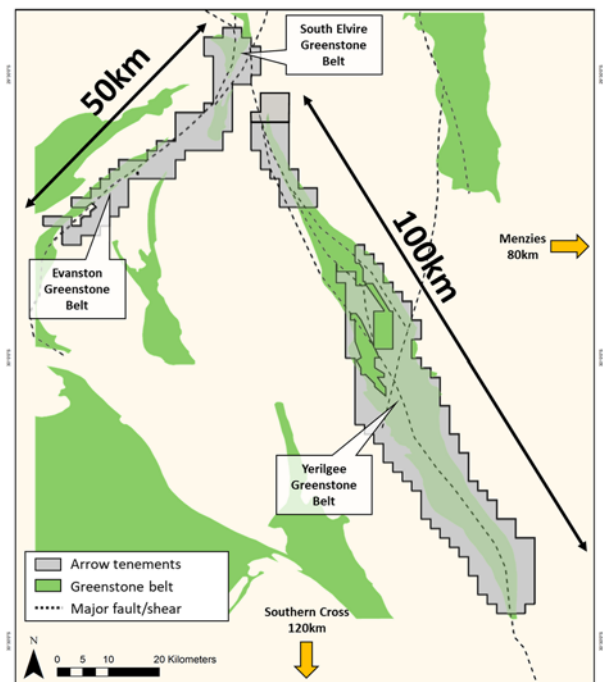


Figure 2: Strickland Gold Project location map

Initial wide-spaced soil sampling has been completed over the majority of these target areas, with significant gold-in-soil anomalies defined at each prospect. Several prospects contain multiple gold-in-soil anomalies.

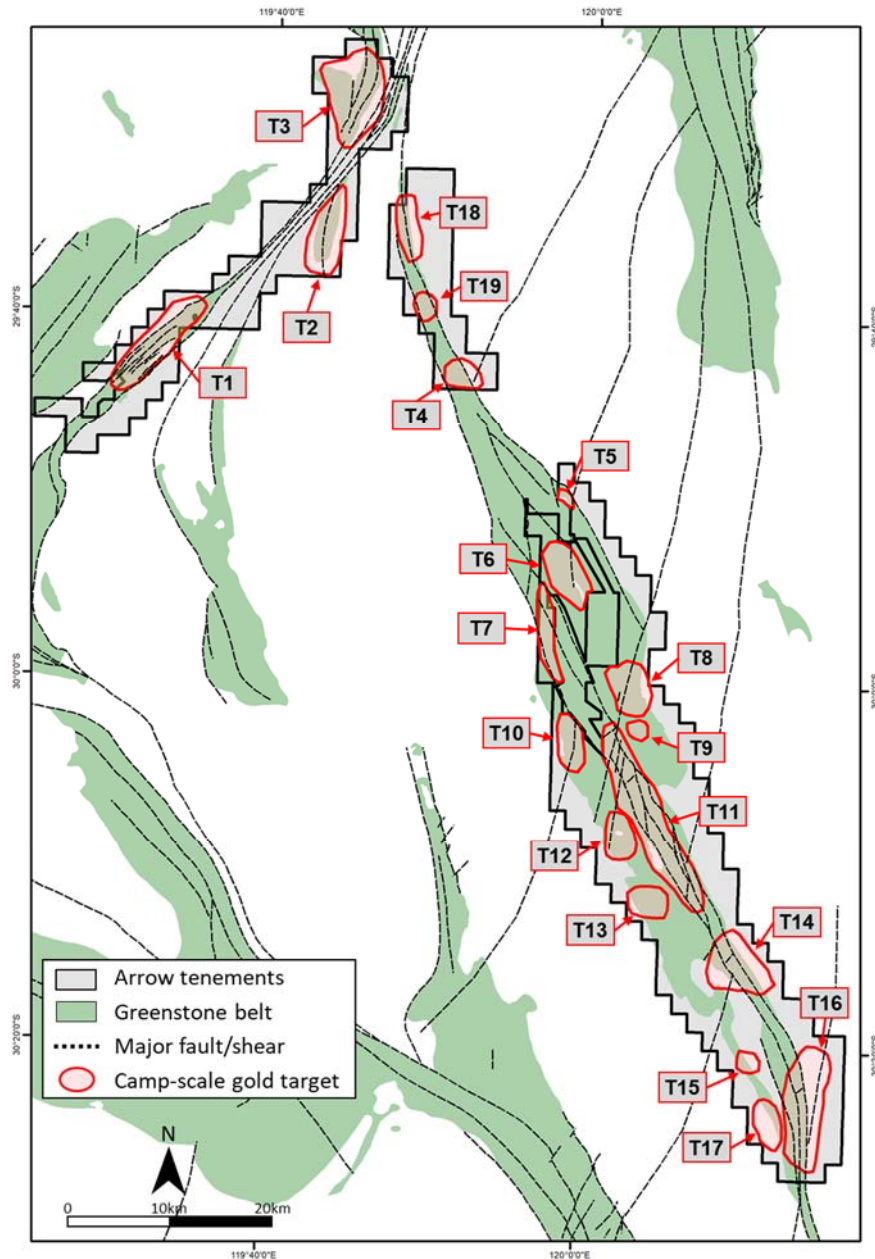


Figure 3: 19 camp-scale gold prospects at Strickland Gold Project

In late 2017, Arrow completed a maiden scout drilling programme over the T1, T2, T6, T8 and T11 Prospects to confirm the presence of gold mineralisation and understand the weathering profile at each prospect for suitability of different drilling and geophysical techniques. In addition, two diamond holes were drilled at the T1 and T2 Prospects for structural and petrophysical analysis.

The drill programme consisted of 10,000m of aircore and RC drilling, with several lines drilled across the central portion of each Prospect. Drilling confirmed gold mineralisation at all five prospects and enhanced the understanding of the regional and local geology. Significant gold results include:

- 15m @ 1.5g/t Au including 3m @ 6.7g/t Au (T1 Prospect);
- 48m @ 0.7g/t Au including 21m @ 1.1g/t Au (T2 Prospect);
- 27m @ 0.6g/t Au & 18.7g/t Ag including 7m @ 1.0g/t Au & 59.3g/t Ag (T6 Prospect); and
- 27m @ 0.6g/t Au including 1m @ 9.0g/t Au (T8 Prospect).

Following the successful scout drilling programme in late 2017, Arrow commenced the first significant prospect-scale drilling programme at the T1, T2, T6 and T8 Prospects in February 2018. The aircore programme consisted of wide spaced drilling completed across and beyond the limits of gold-in-soil anomalies to understand the nature of the regolith, better define underlying geology and delineate bedrock gold anomalism at the base of weathering (saprolite/bedrock interface) and potential structural controls.

A total of 1,097 holes for 19,200m (average hole depth of 18m) were drilled across the four prospects on an initial 400m x 80m spacing. Some lines were closed in to 40m or 20m spacing where depth to basement was shallow. The drill programme was highly successful, with gold mineralisation confirmed at each Prospect within several different geological settings, each having distinct characteristics analogous to known gold deposits across Western Australia. This will enable more efficient and effective future exploration programmes, targeting key mineralised structures.

T1 Prospect

Arrow completed wide-spaced aircore drilling at the T1a and T1b Prospects located in the Evanston Greenstone Belt. The T1 Prospect is defined by two 3.5km x 1.0km gold-in-soil anomalies and is within a mineralised zone which hosts the historical Evanston Mine and numerous historical prospector workings at Rainy Rocks and Yahoo.

A total of 412 holes were drilled for 5,254m (average hole depth 13m) on a nominal 400m x 40m spacing over the majority of the T1a and T1b prospects (**Figure 4**).

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 intersected 15m @ 1.5g/t including 3m @ 6.7g/t from 12m depth (**Figure 5**).

In addition to drilling, detailed mapping and lithostructural interpretation has been ongoing at T1, which has significantly enhanced the understanding of the underlying geology and structural controls on gold anomalism and mineralisation.

Drilling at T1a intersected a highly prospective structural corridor leading into a recumbently folded banded iron-ultramafic package which is analogous to the Copperhead gold deposit in the Southern Cross Belt which had historical gold production of over 1 million ounces.

Petrophysical results from diamond core drilled in 2017 has confirmed that mineralisation at the T1 Prospect has a strong induced polarisation (IP) and resistivity contrast with surrounding unmineralised lithological units. As such, a ground IP survey will be carried out over the T1a Prospect in late 2018 to assist in identifying drill targets for RC drill testing.

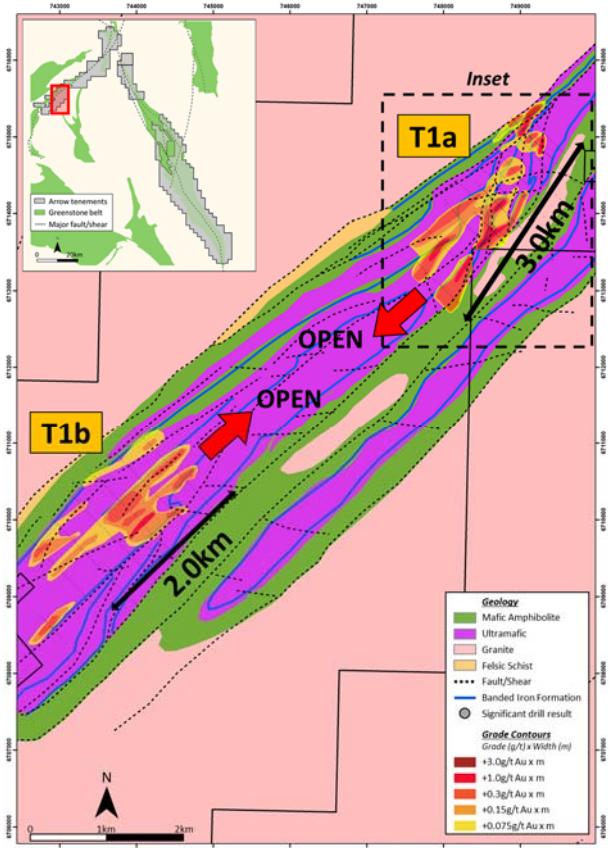


Figure 4: T1a & T1b bedrock gold anomalies

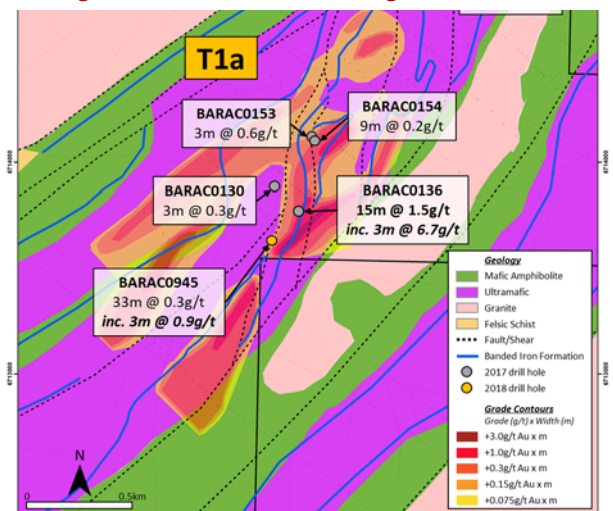


Figure 5: T1a Prospect – significant drill intercepts

T2 Prospect

The T2 prospect is located in the Mt Elvire greenstone belt adjacent to the regionally significant Evanston Shear and has been defined by a 5km x 1.5km gold-in-soil anomaly. The T2 prospect was first drilled in July 2017, with BARRC007 intersecting 48m @ 0.7g/t from 27m including 21m @ 1.1g/t and 3m @ 2.3g/t. An additional seven RC holes (882m) were completed, with hole BARRC030 intersecting 3m @ 0.4g/t from 9m including 1m @ 1.1g/t.

In addition, Arrow completed a diamond drill hole to confirm mineralisation and controlling structures as well as collect samples for petrophysics. The diamond hole (BARDD002) twinned RC hole BARRC007 and confirmed the magnitude and thickness of mineralisation with assay results of 34m @ 0.5g/t from 32m including 1m @ 2.0g/t, 7m @ 1.0g/t and 1m @ 2.9g/t.

In early 2018, Arrow completed a total of 213 aircore drill holes for 3,539m (average hole depth of 17m) at the T2 Prospect. In addition to drilling, detailed mapping and litho-structural interpretation has been ongoing, which has significantly enhanced the understanding of the underlying geology and structural controls on gold mineralisation. The combined programme has delineated four gold in bedrock anomalies (**Figure 6**):

- T2a - 2.3km x 200m gold-in-bedrock anomaly hosted between the granite and greenstone, with coincident Bi-Mo-Te anomalism;
- T2b - 3.5km x 300m gold-in-bedrock anomaly hosted at the intersection of a major N-S sheared ultramafic contact with mafic amphibolite and cross cutting structures with coincident As-Bi-Mo-Te-W anomalism;
- T2c - 1.0km x 200m gold-in-bedrock anomaly located within a brecciated BIF sequence near the hinge of the thrust syncline with coincident Sb-W-Bi-Mo anomalism; and
- T2d - 2.5km x 200-500m wide gold-in-soil anomaly located within a 10-20m wide sheared granite with intense epidote alteration and quartz veining with coincident Bi-Te anomalism.

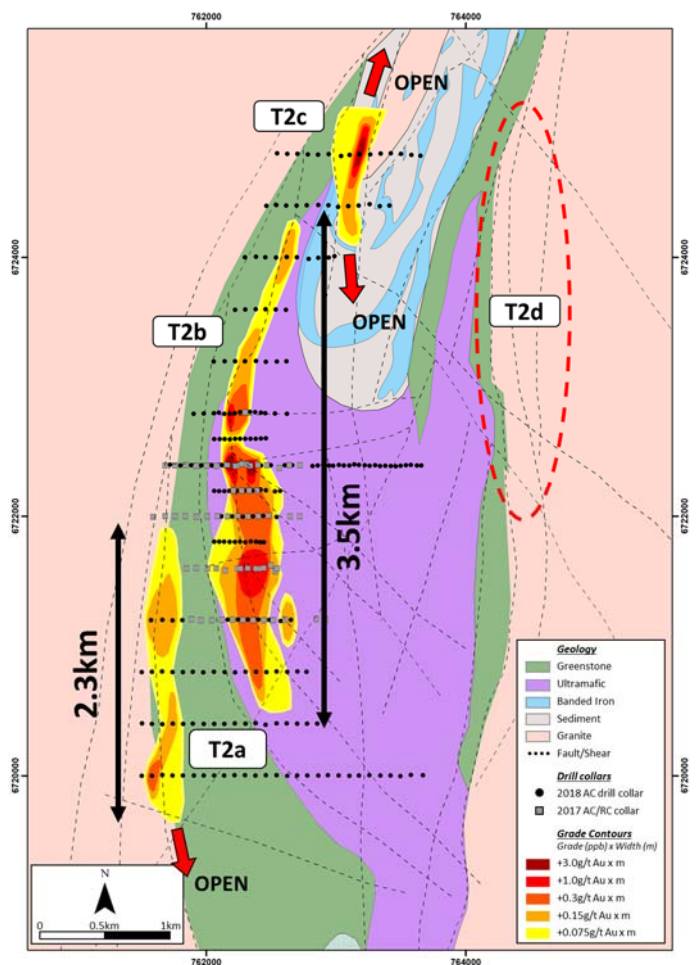


Figure 6: T2 Prospect – gold in bedrock anomalies

A substantial amount of transported cover was encountered at T2, resulting in a mix of broad transported, in situ and masked geochemical anomalies. The aircore drilling programme has defined discrete bedrock targets at T2a and T2b and identified key geological structures. In addition, drilling at the T2c Prospect, where soil sampling was ineffective due to transported cover, produced 41m @ 0.2g/t from 32m, including 3m @ 0.9g/t.

Arrow has contracted a high-resolution aeromagnetic survey at T2, which will be completed prior to the completion of the first pass drilling across the T2c and T2d Prospects, which is expected in late 2018. The aircore drilling programme at the T2 Prospect will include the completion of tight spaced fence line drilling over T2c and T2d. In addition, Arrow will complete a ground IP survey over the T2b Prospect in late 2018, aimed at identifying drill targets for RC drill testing.

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. In the first half of the Period, Arrow completed 29 aircore holes across three fence lines and six RC holes.

Three RC holes were drilled into a well mineralised porphyry to the south-east and three holes intersected a quartz-breccia/BIF contact in the north-west of the prospect. BARRC025 returned a significant intersection of 27m @ 0.6g/t Au and 18.7g/t Ag from 8m, with higher grade intercepts including 1m @ 1.5g/t Au and 128g/t Ag and 1m @ 2.1g/t Au and 41.2g/t Ag from 16m.

T6 is interpreted to be a regional anticline of high magnesium basalts, sedimentary iron formations and ultramafics, which have been faulted and intruded by a number of mineralised felsic porphyrys and dacites. Drilling of the southern line intersected alteration associated with the contact of high magnesium basalts and a felsic porphyry intrusion. Drilling also intersected a 10 – 40m wide brecciated quartz vein along a sedimentary iron formation/ultramafic contact with a porphyry intrusion in the north-west of the prospect.

The presence of high silver and bismuth associated with the gold potentially indicates a precursor VMS, intrusion related component to the mineralised system. Such a mineralised system would be similar to Ora Banda, Mt Pleasant or Chalice gold deposits.

Following the success of the initial aircore drill programme, Arrow completed an additional 394 holes for 7,937m (average hole depth of 20m) on a 400m x 80m spacing at the T6 Prospect. The aircore drilling programme intersected bedrock gold mineralisation in multiple adjacent drill lines across four bedrock anomalies, ranging from 1.5km to 3.5km in strike length (*Figure 7*).

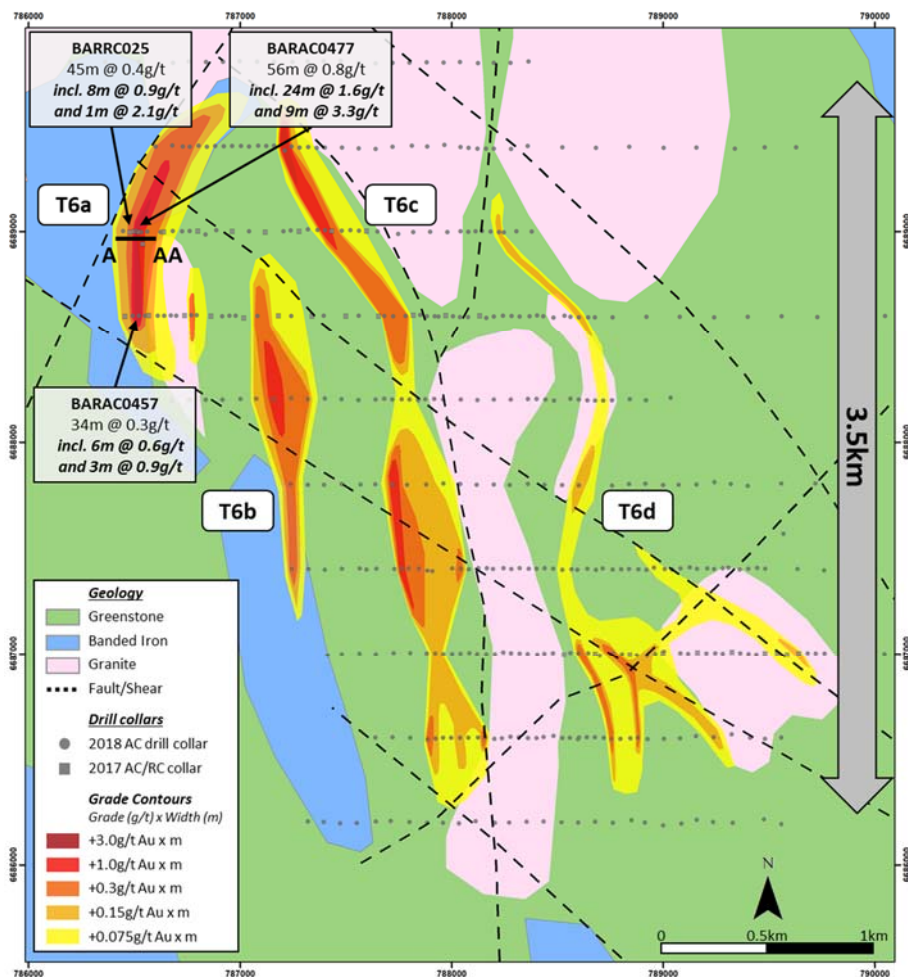


Figure 7: T6 Prospect – plan view showing gold grade contours and significant drill results

The aircore drilling programme has delineated four gold in bed rock anomalies at T6:

- T6a - 1.5km x 300m gold-in-bedrock anomaly hosted within a BIF-ultramafic-sediment package adjacent to a felsic porphyry intrusion;
- T6b - 1.7km x 300m gold-in-bedrock anomaly hosted around narrow BIFs within a felsic and ultramafic volcanic package;
- T6c - 3.5km x 300m gold-in-bedrock anomaly located along a major shear bend at the contact of felsic and lamprophyre intrusions and ultramafic volcanics; and
- T6d - 3km x 100-500m wide gold-in-bedrock anomaly located along several splays off a major project scale shear and a mineralised porphyry intrusion.

The T6a Prospect has produced significant drill intercepts, including:

- 56m @ 0.8g/t from 0m to EOH, including 24m @ 1.6g/t and 9m @ 3.3g/t (BARAC0477);
- 34m @ 0.3g/t from 0m, including 6m @ 0.6g/t and 3m @ 0.9g/t (BARAC0457); and
- 45m @ 0.4g/t from 6m, including 8m @ 0.9g/t and 1m @ 2.1g/t (BARRC025).

Arrow has interpreted the gold bearing horizon at T6a as a siliceous sulfidic unit within the lower BIF (**Figure 8**). The mineralised unit has a true width of around 50m and has been confirmed through drilling over a strike length of 1.5kms. The T6b Prospect has a similar mineralised horizon, potentially structurally offset, with a strike length of 1.5kms.

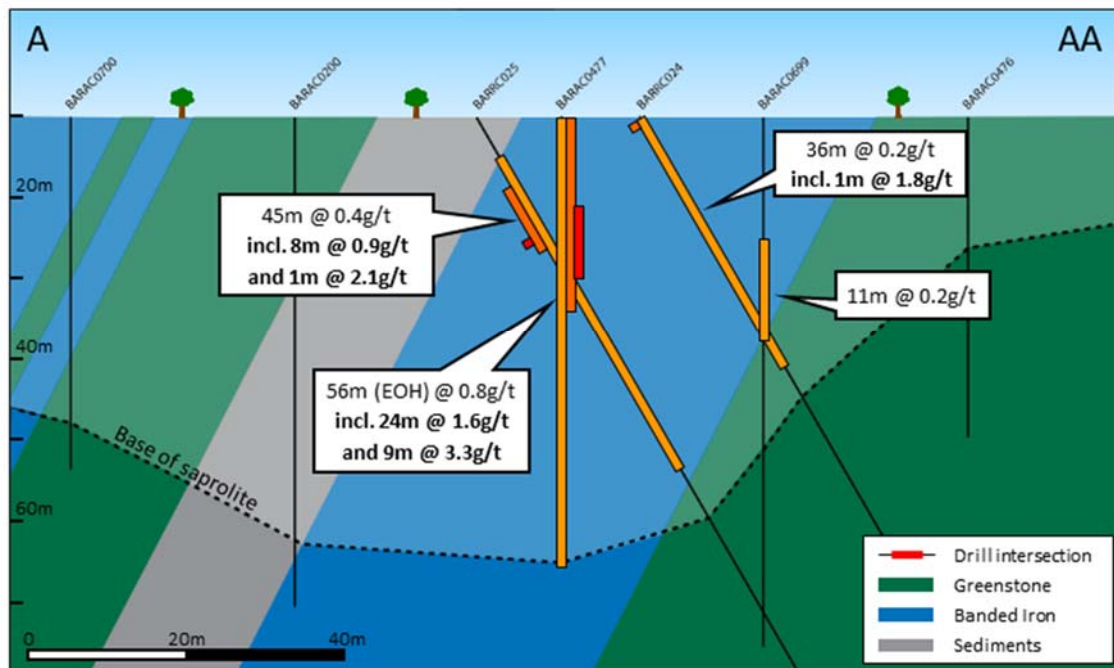


Figure 8: T6 Prospect – section A-AA showing significant gold intersections

In addition, end of hole multielement analysis returned multiple zones of As-Sb-Bi-Mo-Te-W anomalism (>10x crustal abundance) in proximity to interpreted key structures. These pathfinder elements are indicative of orogenic gold systems and indicate a highly fertile mineralisation system.

T8 Prospect

Arrow completed a total of 78 holes for 2,484m (average hole depth of 32m) on a 400m x 80m spacing at the T8 Prospect (**Figure 9**). The aircore drilling programme has delineated a 1.8km x 400m gold bedrock anomaly which remains open to the south along a mineralised structure. Importantly, the soil anomaly has proven to be largely in-situ, directly overlying bedrock mineralisation.

The drill programme has also significantly enhanced the understanding of the geological setting and structural controls on mineralisation. Massive quartz breccias and quartz carbonate veins were intersected in the drilling with minor felsic dykes intruding the local structures. Gold mineralisation was associated with these structures and will be a focus of future in-fill drill programmes.

Two sections across the T8 Prospect (**Figure 10** and **Figure 11**) demonstrate the thickness and extent of gold mineralisation in the saprolite and cover sequences. Some of the better results include:

- 57m @ 0.16g/t from 0m, including 3m @ 0.61g/t and 3m @ 0.40g/t (BARAC0244);
- 45m @ 0.13g/t from 0m, including 3m @ 0.54g/t and 3m @ 0.37g/t (BARAC0246); and
- 27m @ 0.41g/t from 0m, including 3m @ 1.13g/t and 3m @ 0.55g/t (BARRC013).

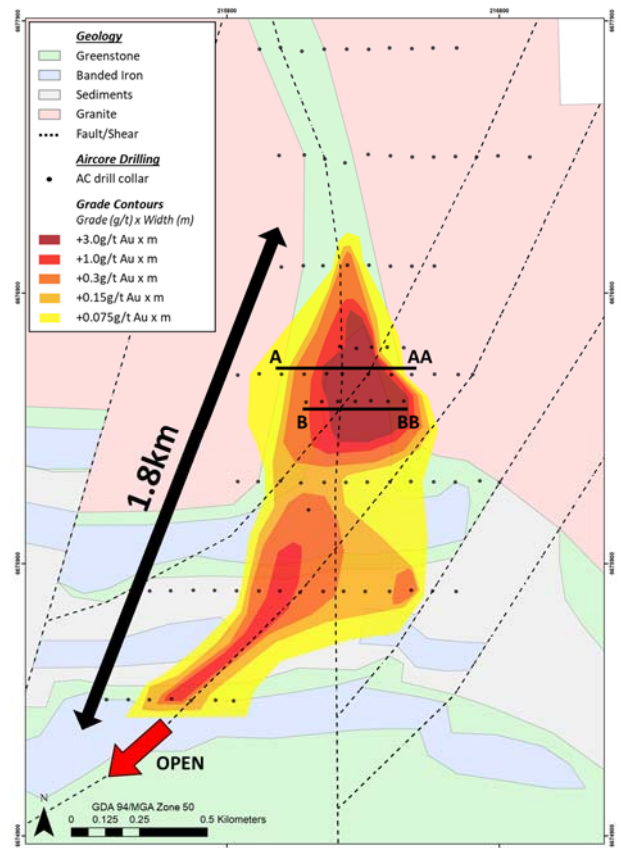


Figure 9: T8 Prospect – plan view showing gold in bedrock drill results

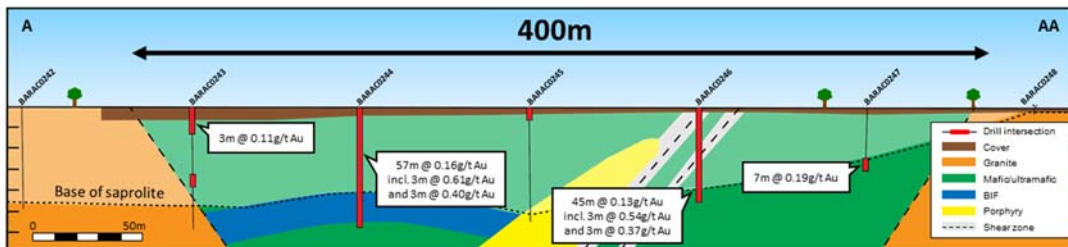


Figure 10: T8 Prospect – section A-AA showing significant gold intersections

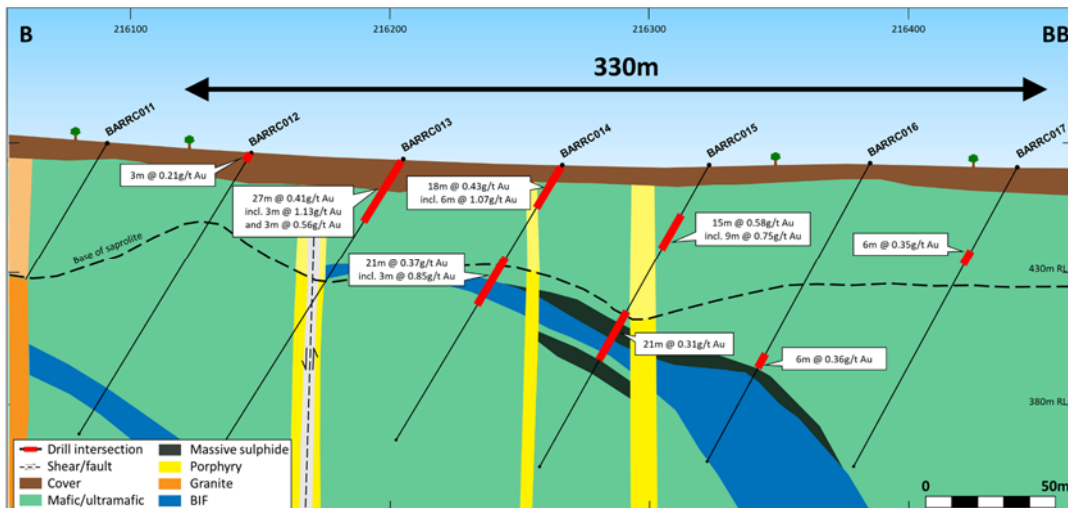


Figure 11: T8 Prospect – section B-BB showing significant gold intersections

Aeromagnetic Survey and Geological Mapping

During the Period, Arrow flew an airborne magnetic survey over a large portion of the Strickland Gold Project to provide 100m line spaced coverage over the southern portion of the Yerilgee Greenstone Belt and a detailed survey at the T1 Prospect to assist with geological mapping and interpretation.

The aeromagnetic survey over the T1 Prospect consisted of 25m flight lines which has significantly increased the resolution of the magnetic data (**Figure 12**). The T1 Prospect is a largely stripped terrain with abundant outcropping fresh rock. The high-resolution magnetics were used in conjunction with detailed geological mapping to focus the aircore drilling programme on areas of structural and geochemical anomalism.

Following the success of the close spaced airborne magnetic survey, close spaced magnetic surveys are planned to be flown at T2, T6, T8-14.

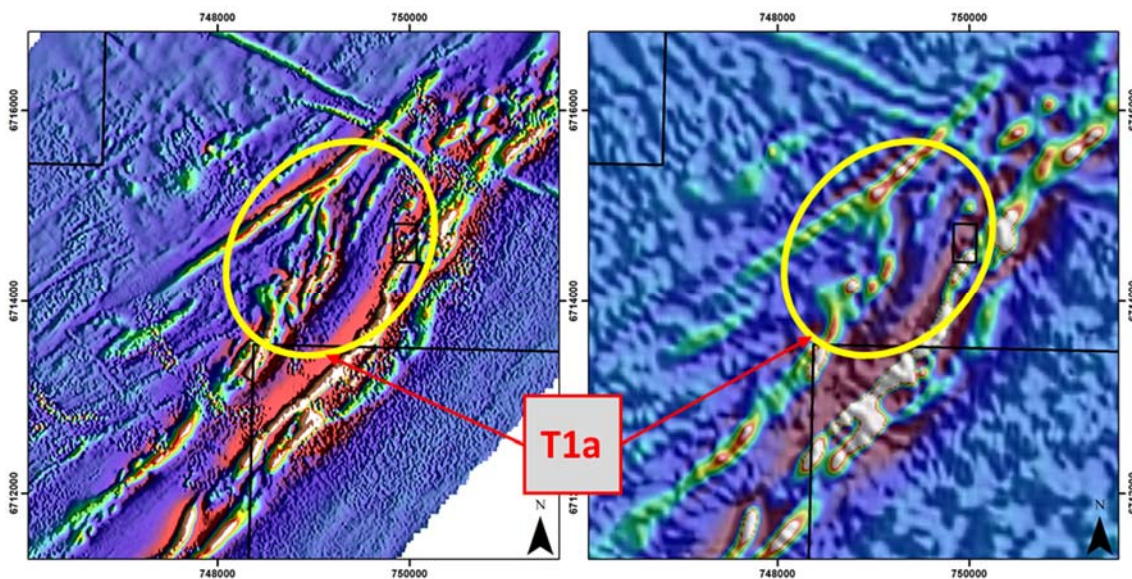


Figure 12: T1a Prospect – detailed magnetic survey (left) vs regional magnetic survey (right)

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 13**). Exploration conducted by Arrow in 2017 identified several lithium and tantalum-bearing pegmatites associated with fertile granite intrusions.

Arrow completed a maiden 17 hole RC drilling programme over four outcropping pegmatites in September 2017. The 2,430m RC drill programme was designed to test the thickness, depth and orientation of the lithium-caesium-tantalum (LCT) prospects which had been defined by previous soil sampling and rock chip programmes. The drilling resulted in the identification of thick moderately dipping pegmatites at three of the main prospects and assays have confirmed the mineralisation potential at the Tomahawk, Blade and T-Bone Prospects.

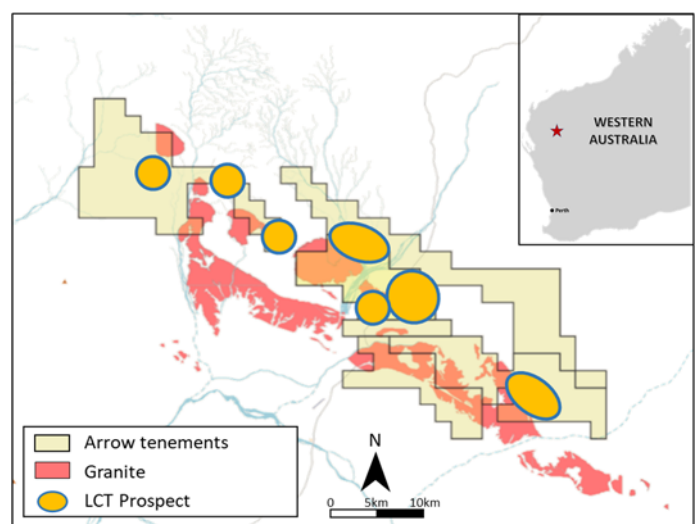


Figure 13: Malinda Lithium Project – location map

Arrow submitted 10 samples >1.5% Li₂O for mineralogical determination by X-ray Diffraction (**XRD**). XRD analysis has confirmed the presence of spodumene and holmquistite as well as lithium micas. The highest grade samples (all +2.0% Li₂O) contain spodumene as the main lithium-bearing mineral.

In 2018 Arrow acquired a high resolution (3cm) aerial image and digital terrain model over the prospect area. The high resolution aerial image is being used to identify and map the outcropping occurrences of the pegmatites in conjunction with ground mapping to determine the distribution and structural controls on the pegmatite swarms.

Litho-structural mapping and interpretation is being used to systematically rock chip pegmatite occurrences across the prospect to identify the fractionation trends of the pegmatite system. This information will be used to target drilling over thicker and more mineralised zones within the pegmatite swarm.

The detailed imagery and ground mapping have identified strike continuations of the Tomahawk pegmatite under thin transported cover material (**Figure 14**). Arrow has confirmed pegmatite subcrops through the transported material, significantly enhancing the prospectivity of the northern areas to host highly fractionated and well-mineralised pegmatites.

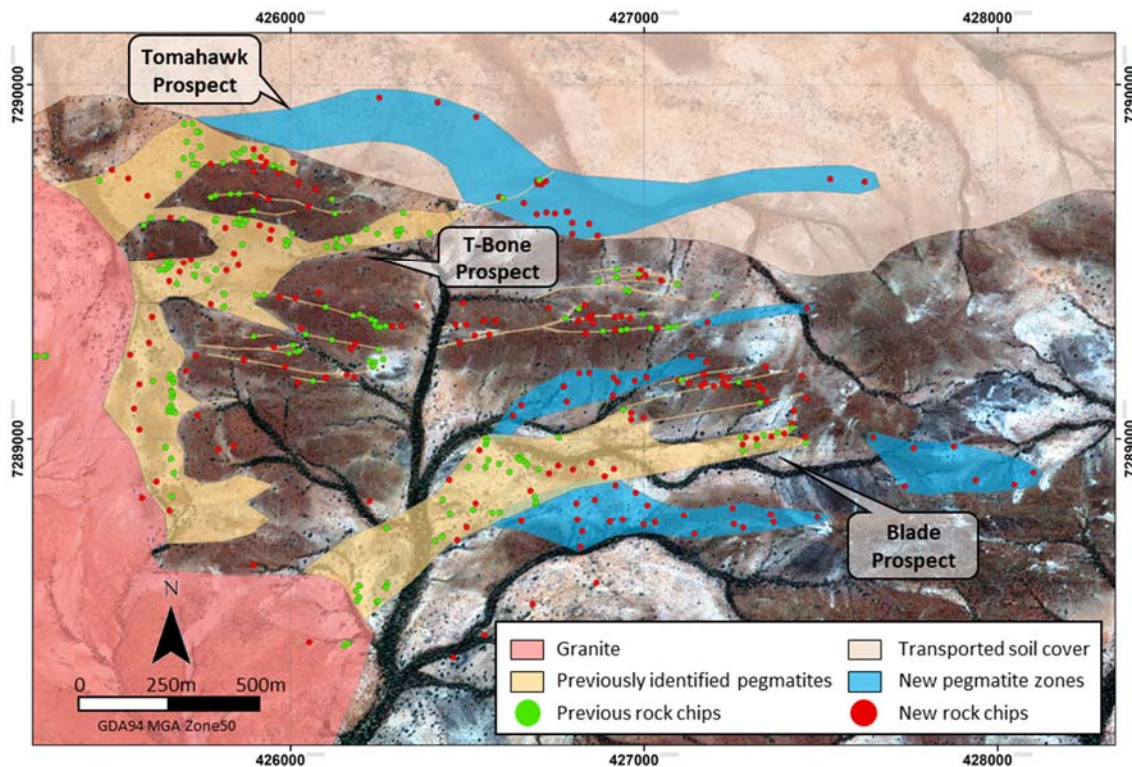


Figure 14: Malinda Project showing new pegmatite zones and rock chips

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 2,500km² 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 (**Nova**) which is 100%-owned by Independence Group NL (ASX: IGO) (**IGO**) and produced 22.3kt Ni and 10.0kt Cu in FY2018.

During the Period, Arrow's previous joint venture partner, MMG Exploration Pty Ltd (**MMG**), completed a 4,000m RC drilling programme at the Plumridge Nickel Project. The drilling programme commenced at the end of October 2017 and consisted of 11 holes targeting seven electro-magnetic (**EM**) conductors.

The drill programme provided significant exploration data and materially improved the geological understanding of this landholding, which remains highly prospective for the discovery of nickel-copper deposits. In December 2017, MMG elected to withdraw from the Plumridge Nickel Project prior to earning any interest in the Project.

On 5 February 2018, Arrow announced it had entered into a joint venture with IGO covering the Plumridge Nickel Project. The key terms of the Plumridge Nickel Joint Venture are:

- IGO acquired a 51% interest in the Project by paying Arrow \$1,500,000 in cash;
- IGO and Arrow entered into an unincorporated joint venture over the Project, with IGO managing all exploration activities;
- IGO can increase its interest in the Project to 90% through the expenditure of \$5,000,000 over four years; and
- IGO can accelerate earning its 90% Project interest by paying Arrow cash equal to the amount remaining for the joint venture earn-in.

IGO is the largest tenement holder and explorer in the Fraser Range, with 14,500km² of exploration licences under management. Since acquiring Nova in late 2015, IGO has undertaken considerable regional exploration in the Fraser Range and continues to spend over \$20 million per annum on regional exploration.

During the Period, IGO commenced exploration at the Project, utilising the geophysical datasets acquired by Arrow and MMG over the past three years, including the recently acquired HeliTEM airborne electromagnetic survey. IGO has completed an infill ground gravity survey over several tenements and acquired 2,633 line kilometres of airborne electromagnetics using Spectrem. In addition, planning and logistics in preparation for the upcoming regional aircore drilling programme was completed, including lodging POWs, planning out gridlines and an anthropological review.

PILBARA GOLD PROJECT

Pilbara Region, Western Australia

During the Period, Arrow announced it executed definitive agreements with Pacton Gold Inc. (TSXV: PAC) (**Pacton**) for the sale and joint venture of the Pilbara Gold Project which consists of two exploration licences and two exploration licence applications totalling 609km² in the Pilbara Region of Western Australia.

Pacton acquired a 51% interest in the Pilbara Gold Project through the payment of C\$300,000 with an additional C\$200,000 to be paid upon granting of the exploration licence applications (C\$100,000 paid on the grant of each application) (**Tranche 1**).

In addition to the cash payments, Pacton issued Arrow C\$250,000 of shares at a price of C\$0.23 per share with a 1 for 1 attaching warrant (3 year term, exercisable at C\$0.35). Arrow received 1,086,957 common shares and 1,086,957 warrants in Pacton.

Following completion of Tranche 1, Pacton has the option to acquire an additional 29% ownership interest in the Pilbara Gold Project, increasing its interest to 80%, by:

- Incurring exploration expenditure of C\$500,000 within 12 months; and
- Issuing Arrow with C\$250,000 worth of Pacton shares at the 5-day volume weighted average price immediately prior to the date of issue.

Once Pacton has reached an 80% interest in the Pilbara Gold Project, Arrow will be free-carried for the first C\$5,000,000 of expenditure. Arrow will receive a Discovery Bonus of C\$500,000 in cash upon Pacton 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).

Arrow retains all rights to explore, mine and extract lithium, caesium and tantalum.

Subsequent to the Period, on 23 August 2018, Arrow advised it had agreed to dispose of its remaining 49% interest in the Pilbara Gold Project to Pacton for consideration of C\$1,000,000 in cash and 2,000,000 Pacton Shares (**Consideration**).

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 the Project 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.

PLUMRIDGE GOLD PROJECT

Fraser Range Province, Western Australia

The Company surrendered four tenements comprising the Plumridge Gold Project. Arrow entered into an agreement to sell its geological dataset relating to a portion of the Plumridge Gold Project to an unrelated party for total consideration of \$125,000.

PARDOO NICKEL PROJECT

Pilbara Region, Western Australia

The Company's joint venture partner, Caeneus Minerals Limited (ASX: CAD) (**Caeneus**) acquired the remaining 20% of the Pardoo Nickel Project for consideration of \$200,000 to be paid in two instalments comprising \$100,000 that was paid upon signing and an additional \$100,000 on or before 12 December 2018.

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Dean Tuck who is a Member of the Australian Institute of Geoscientists. Mr Tuck is a full-time employee of Arrow 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 Tuck 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 Tuck 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

Change of Company Name

During the Period, the Company obtained shareholder approval to change the Company's name with the Australian Securities and Investments Commission from Segue Resources Limited to Arrow Minerals Limited.

The effective date for the change of company name and ticker code on ASX was 6 December 2017.

Pro-Rata Non-Renounceable Options Entitlement Issue

On 25 October 2017, the Company announced a one-for-four pro-rata non-renounceable options entitlement issue of 43,147,987 new listed options (**Option**) to acquire fully paid ordinary shares in the capital of the Company (**Offer**). The Options were issued for \$0.01 per Option and are exercisable at 10¢ each on or before 31 December 2019.

On 1 December 2017, Arrow advised that following the close of the Offer and placement of shortfall, a total of 43,147,987 Options were issued to raise gross proceeds of \$431,479.

IGO Strategic Investment in Arrow

In addition to entering into the Plumridge Nickel Joint Venture, IGO subscribed for \$1,000,000 of shares in Arrow at a price of 2.9¢ per share, and one attaching listed option for every two shares subscribed for at a strike price of 10¢ with an expiry of 31 December 2019 (**IGO Placement**).

The IGO Placement was subject to shareholder approval obtained at a meeting on 6 April 2018. The IGO Placement is subject to a voluntary escrow, with 50% of the IGO Placement escrowed for 6 months from the subscription date and the remaining 50% escrowed for 12 months from the subscription date. Subject to regulatory approval, IGO will be given the right to participate in equity raisings on a pro-rata basis.

Oversubscribed Placement

On 5 February 2018, Arrow advised it had completed a placement to sophisticated investors on the same terms as the IGO Placement (being at an issue price of 2.9¢ per share with one option (AMDOA) for every two shares) to raise \$2,650,000 (**Placement**).

The Placement was heavily oversubscribed with support from new institutional and professional investors together with existing shareholders. The Placement was completed in two tranches, with Tranche 1 (48.75% of shares to be issued in the Placement comprising 26,463,792 shares pursuant to Listing Rule 7.1 and 18,085,861 pursuant to Listing Rule 7.1A) issued under the Company's existing placement capacities and Tranche 2 (46,829,670 shares or 51.25% of shares and 100% of the options issued in the Placement) were subject to shareholder approval obtained on 6 April 2018.

Change of Auditor

During the Period, the Company advised that Pitcher Partners BA&A Pty Ltd had been appointed as the Company's Auditors with effect from 6 June 2018. The appointment follows the resignation of Pitcher Partners Corporate & Audit (WA) Pty Ltd, and ASIC's consent to their resignation. The change of auditor has occurred as part of an internal restructure within Pitcher Partners.

Lapse of Options

On 18 February 2018, 428,471 unquoted options exercisable at 35.0¢ lapsed.

Subsequent to the Period 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)	306,976,322
Options exercisable at 10.0¢ on or before 31/12/2019 (ASX:AMDOA)	120,872,133

Unquoted Securities

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

EVENTS AFTER THE BALANCE SHEET DATE

Exploration Development Incentive Scheme

Subsequent to the Period, 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.

Lapse of Options

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

Employee Share Scheme Buy-Back

On 17 August 2018, the Company bought back, for no consideration, 1,435,713 shares previously issued under the Employee Share Scheme.

Sale of 49% Interest in Pilbara Gold to Pacton Gold Inc.

On 23 August 2018, Arrow advised it had agreed to dispose of its remaining 49% interest in the Pilbara Gold Project to Pacton for consideration of C\$1,000,000 in cash and 2,000,000 Pacton Shares (**Consideration**). The agreement enables Pacton to acquire a 100% interest in the Project, while preserving the Arrow's rights under the original Sale and Joint Venture Agreement, including rights to explore for lithium-caesium-tantalum minerals and future success payments.

On 21 September 2018, the Company advised that Pacton received final acceptance from the TSX Venture Exchange for the Share Sale Agreement dated 20 August 2018 to purchase the Company's 49% interest in the Pilbara Gold Project.

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

SIGNIFICANT CHANGE IN THE STATE OF AFFAIRS

There were no events of a material nature that have affected significantly the results or state of affairs of the Company.

REVIEW AND RESULTS OF OPERATIONS

The principal activity of the Company and its subsidiaries (the **Group**) during the year were mineral exploration. The net loss for the year ended 30 June 2018 was \$1,171,587 (2017: Loss of \$887,642).

Summary of Financial Position

At 30 June 2018, the Group's cash reserves were \$3,758,484 (2017: \$731,716). The increase in cash was due to capital raisings of \$5,142,784 (2017: \$2,432,804) and asset sales of \$1,934,000 (2017: \$124,803). Net assets of the Group as at 30 June 2018 were \$12,977,261 (2017: \$8,756,565).

ENVIRONMENTAL REGULATION

The Company is subject to and compliant with all aspects of environmental regulation of its exploration activities. The Directors are not aware of any environmental law that is not being complied with.

Future Developments

- The Group will continue to explore its Barlee Gold, Malinda Lithium and Plumridge Nickel Projects in Western Australia; and
- The Group continues to review new project venture opportunities which are consistent with its strategy to become a diversified minerals explorer.

Dividends

No dividend has been paid since the end of the financial period and no dividend is recommended for the current year.

Proceedings on Behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

REMUNERATION REPORT (AUDITED)

Remuneration of directors and executives is referred to as compensation throughout this report. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group including directors of the Company and other executives.

The following were key management personnel of the Company at any time during the previous and current financial year and have been in office for the entire period unless indicated otherwise:

- Mr Steven Michael Managing Director
- Mr Nicholas Ong Non-Executive Director
- Dr Frazer Tabeart Non-Executive Director
- Mr Matthew Foy Company Secretary
- Mr Dean Tuck Exploration Manager

Compensation levels for directors and key management personnel of the Company are competitively set to attract and retain appropriately qualified and experienced directors and executives.

The Board is responsible for compensation policies and practices. The Board, where appropriate, seeks independent advice on remuneration policies and practices, including compensation packages and terms of employment.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company.

A remuneration consultant has not been employed by the Company to provide recommendations in respect of remuneration, given the size of the Group and its current structure.

Cash bonuses equal to a maximum of 50% of salary may be paid, at the discretion of the Board, as part of the Short Term Incentive Plan.

Non-Executive Directors

Total remuneration for all Non-Executive Directors, is not to exceed \$250,000 per annum as approved by shareholders. This does not include Consulting Fees.

Non-Executive Directors received a fixed fee for their services of \$28,000 per annum (excl. GST) for services performed.

There is no direct link between remuneration paid to any Non-Executive Directors and corporate performance. There are no termination or retirement benefits for Non-Executive Directors (other than statutory superannuation).

Remuneration

Details of the remuneration of the Key Management Personnel of Arrow are set out in the following table. Currently, directors are responsible for the management of the Group.

	Salary & fees \$	Post employment benefits¹ \$	Long service leave \$	Equity settled share based payments \$	Total \$	Proportion remuneration rec'd in shares %
<i>30 June 2018</i>						
Directors						
S Michael	311,077	61,923	7,484	76,488	456,972	17%
F Tabcart ²	28,000	-	-	42,434	70,434	60%
N Ong ³	28,000	-	-	36,379	64,379	57%
Company secretary						
M Foy	64,133	8,104	-	25,823	98,060	26%
Exploration manager						
D Tuck	159,060	15,110	-	40,184	214,354	19%
	590,270	85,137	7,484	221,308	904,199	25%
<i>30 June 2017</i>						
Directors						
S Michael	283,333	26,916	4,590	26,687	336,936	8%
F Tabcart ²	24,000	-	-	10,938	34,938	31%
N Ong ³	24,000	-	-	14,063	38,063	37%
Company secretary						
M Foy	60,000	5,700	-	(7,147)	58,553	-
Exploration manager						
D Tuck ⁴	84,583	8,035	-	12,214	104,832	12%
	475,916	40,651	4,590	56,755	577,912	10%

1. Includes Superannuation.

2. Dr Frazer Tabcart's Director fees were paid directly to his related party, Geogen Consulting Pty Ltd.

3. Director fees for Mr Nicholas Ong were paid to Minerva Corporate Pty Ltd, a related entity.

4. Mr Tuck commenced on 18 November 2016.

Share Based Remuneration

Options

No options were granted to directors for remuneration during the financial year and there were no outstanding options over ordinary shares held by directors at 30 June 2018.

Shares

On 17 April 2014, shareholder approval was received for the adoption of an employee incentive scheme, known as the Employee Share Plan (**ESP** or **Plan**).

The objective of the ESP is to attract directors with suitable qualifications, skills and experience to plan, carry out and evaluate the Company' Strategy and to motivate and retain those directors.

A material feature of the Plan is 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 term of each loan will be 3 years from the date of issue of the Shares, subject to earlier repayment in accordance with the terms of the Plan (e.g. ceasing to be an employee of the Company or an event of insolvency).

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.

See Note 19 Share based payments for further details.

ESP Terms and Conditions

Participants in the ESP may be directors of the Company or any of its subsidiaries or any other related body corporate of the Company.

Issue price: The issue price of each Share will be a 1% discount to the volume weighted average of the Company's Shares over the 5 days of trading on the ASX immediately prior to the issue of the Plan Shares, or such other price as the Board determines.

Restriction Conditions: Shares may be subject to restriction conditions relating to milestones (such as a period of employment) or escrow restrictions that must be satisfied before the Shares can be sold, transferred, or encumbered. Shares cannot be sold, transferred or encumbered until any loan in relation to the Shares has been repaid or otherwise discharged under the Plan.

Extension of Escrow Condition: If an Eligible Participant ceases to be an Eligible Participant as a result of an occurrence other than certain bad leaver occurrences prior to the satisfaction of all Restriction Conditions, the escrow restriction applied under the Escrow Condition in relation to the Plan Shares held by the Participant will be extended by 6 months.

Where a Milestone Condition in relation to Shares is not satisfied by the due date, or becomes incapable of satisfaction in the opinion of the Board, the Company may, unless the Milestone Condition is waived by the Board, either:

- (i) buy back and cancel the relevant Shares within 12 months of the date the restriction condition was not satisfied or was waived (or became incapable of satisfaction) under Part 2J.1 of the Corporations Act in consideration for the cancellation of any Loan granted;

- (ii) cancel the relevant Shares within 12 months of the date the restriction condition was not satisfied or was waived (or became incapable of satisfaction) under Part 2J.1 of the Corporations Act in consideration for the cancellation of any Loan granted; or
- (iii) in the event that such a buy-back or cancellation of Shares cannot occur, require the Participant to sell the Shares as soon as reasonably practicable either on the ASX and give the Company the sale proceeds (**Sale Proceeds**), which the Company will apply in the following priority:
 - (A) first, to pay the Company any outstanding Loan Amount (if any) in relation to the Shares and the Company's reasonable costs in selling the Shares;
 - (B) second, to the extent the Sale Proceeds are sufficient, to repay the Participant any cash consideration paid by the Participant or Loan Amount repayments (including any cash dividends applied to the Loan Amount) made by or on behalf of the Participant; and
 - (C) lastly, any remainder to the Company to cover its costs of managing the Plan.

Restriction on transfer: Other than as specified in the Plan, Participants may not sell or otherwise deal with a Share until the Loan Amount in respect of that Share has been repaid and any restriction conditions in relation to the Shares have been satisfied or waived. The Company is authorised to impose a holding lock on the Shares to implement this restriction.

For details of ESP shares issued in the previous financial year refer to the remuneration report of the 2017 Annual Report.

On 22 November 2017 shareholder approval was received for Dr Frazer Tabcart and Messrs Steven Michael and Nicholas Ong to subscribe for additional shares under the Plan.

A full summary of the ESP was set out in the Notice of General Meeting dated 19 October 2017.

At the general meeting of the Company, held on 29 July 2015, shareholders approved the provision of a limited-recourse, interest free loan to each of Messrs Michael, Tabcart and Ong, for the purpose of subscribing for shares in the Company (Plan Shares). The Plan Shares are subject to a holding lock until the relevant milestones set out below have been met:

Milestones

1. Identification of three (3) mafic/ultramafic intrusions with a geochemical signature fertile for nickel-copper sulphides.
2. Drill intersection of a fresh mafic intrusion hosting nickel-copper sulphides of at least 2m @ 1.5% Ni.
3. Multiple drill holes (>3) hosting nickel-copper sulphides indicating the potential for economic grades and tonnages.
4. Completion of capital raising/s or farm-in joint ventures totalling \$4 million by no later than 31 December 2017.
5. Completion of a sale or farm-out of non-core exploration assets totalling at least \$1 million by 31 December 2017.

On 18 October 2016 shareholder approval was received to vary the Original Milestones as follows:

Replacement Milestones

1. Identification of a MLEM conductor or mafic/ultramafic intrusion considered fertile for nickel-copper sulphides.
2. MMG completes the Stage 1 sole funding expenditure condition of \$1.5 million by 31 December 2017.

3. MMG meets the Stage 1 minimum exploration condition for 2018 by spending \$6.5 million before 31 December 2019, including \$1.5 million to be spent before 31 December 2017.

The maximum number of shares issued to each of Messrs Michael, Tabcart, Ong, Foy and Tuck is as follows:

Mr Steven Michael	1,428,571
Dr Frazer Tabcart	857,143
Mr Nicholas Ong	857,143
Mr Matthew Foy	571,430
Mr Dean Tuck	642,856

On 22 November 2017, shareholder approval was received for provision of a limited-recourse, interest free loan to each of Messrs Michael, Tabcart and Ong, for the purpose of subscribing for shares in the Company (**Plan Shares**). The Plan Shares are subject to a holding lock until the relevant milestones set out below have been met:

1. Discover a mineralised prospect of at least 10 gram-metres gold, or 10% metres lithium or 10% metres nickel.
2. Announce a JORC-compliance resource of:
 - 100,000oz of gold at a minimum grade of 1.0g/t Au (or equivalent for other metals); or
 - 10,000 tonnes of lithium at a minimum grade of 1.0% Li₂O; or
 - 20,000 tonnes of nickel at a minimum grade of 2.0% Ni (+Cu, PGE).
3. Complete a pre-feasibility study on a resource estimate as defined in Milestone 2.
4. Combined capital raising of \$3 million at an average issue price at least 75% of the 15-day VWAP prior to each issue.
5. Total shareholder return exceeding +25% over a 12 month period.
6. Continue to be an employee or Director of Arrow until 31 December 2018.

On 1 December 2017 an additional issue was made of 5,600,000 Plan Shares. These shares have been valued using the Black Scholes Model with the following inputs for the relevant milestones.

	Milestones 1-5	Milestone 6
Number of shares	4,200,000	1,400,000
Underlying share price	\$0.052	\$0.052
Exercise price	-	-
Expected volatility	315%	315%
Expiry date (years)	3	1
Expected dividends	-	-
Risk-free rate	1.67%	1.67%
Value per option	\$0.0517	\$0.0470

The maximum number of Plan Shares was reduced by 5% and the Plan Shares issued to each of Messrs Michael, Tabcart, Ong, Foy and Tuck is as follows:

Mr Steven Michael	1,900,000
Dr Frazer Tabcart	356,250
Mr Nicholas Ong	356,250
Mr Matthew Foy	475,000
Mr Dean Tuck	1,425,000

Share holding

The number of ordinary shares in the Company held during the financial period by each Director of Arrow Minerals Limited and any other key management personnel of the Company, including their personally related parties, are set out below:

	Opening balance Nos.	Granted as remuneration⁶ Nos.	Net other change Nos.	Closing balance Nos.
30 June 2018				
Directors				
Mr Steven Michael	2,515,713	2,000,000	(128,571) ¹	4,644,284
Dr Frazer Tabcart	1,500,000	375,000	(283,036) ²	1,591,964
Mr Nicholas Ong	1,192,857	375,000	(147,321) ³	1,420,536
Company Secretary				
Mr Matthew Foy	1,117,701	500,000	153,551 ⁴	1,771,252
Exploration manager				
Mr Dean Tuck	1,410,107	1,500,000	137,008 ⁵	3,047,115
	7,736,378	4,750,000	(268,369)	12,475,151

1. Comprising:
 - a. Cancellation of 371,429 Employee Share Plan Shares following expiration of term; and
 - b. Purchase of 500,000 shares @3.0¢ pursuant to Share Purchase Plan on 31/7/17.
2. Comprising the cancellation of 283,036 Employee Share Plan Shares following expiration of term.
3. Comprising the cancellation of 147,321 Employee Share Plan Shares following expiration of term.
4. Comprising:
 - a. Purchase of 35,000 shares pursuant to placement @3.0¢;
 - b. Purchase of 107,150 shares on market;
 - c. Purchase of 344,829 shares pursuant to placement @2.9¢;
 - d. Sale of 237,000 shares on market; and
 - e. Cancellation of 96,428 Employee Share Plan Shares following expiration of term.
5. Comprising:
 - a. Purchase of 283,333 shares pursuant to placement @3.0¢;
 - b. Sale of 93,000 shares on market;
 - c. Purchase of 93,104 shares pursuant to placement @2.9¢; and
 - d. Cancellation of 146,429 Employee Share Plan Shares following expiration of term.
6. Subject to meeting vesting conditions, which remained unvested.

	Opening balance <i>Nos.</i>	Granted as remuneration ¹ <i>Nos.</i>	Net other change ² <i>Nos.</i>	Closing balance <i>Nos.</i>
30 June 2017				
Directors				
Mr Steven Michael	119,050,000	50,000,000	(166,534,287)	2,515,713
Dr Frazer Tabcart	25,000,000	30,000,000	(53,500,000)	1,500,000
Mr Nicholas Ong	22,750,000	30,000,000	(51,557,143)	1,192,857
Company Secretary				
Mr Matthew Foy	20,000,000	20,000,000	(38,882,299)	1,117,701
Exploration manager				
Mr Dean Tuck	-	25,000,000	(23,589,893)	1,410,107
	186,800,000	155,000,000	(334,063,622)	7,736,378

1. Subject to meeting vesting conditions, which remain unvested.
2. Changes due to a 1 for 35 share consolidation and the cancellation of shares pursuant to the Employee Share Plan.

Option holding

The number of options in the Company held during the financial period by each Director of Arrow Minerals Limited and any other key management personnel of the Company, including their personally related parties, are set out below:

	Opening balance <i>Nos.</i>	Granted as remuneration <i>Nos.</i>	Options exercised <i>Nos.</i>	Net other change ¹ <i>Nos.</i>	Closing balance <i>Nos.</i>
30 June 2018					
Directors					
Mr Steven Michael	-	-	-	653,572	653,572
Dr Frazer Tabcart	-	-	-	375,000	375,000
Mr Nicholas Ong	-	-	-	298,215	298,215
Company Secretary					
Mr Matthew Foy	-	-	-	693,407	693,407
Exploration manager					
Mr Dean Tuck	-	-	-	803,201	803,201
	-	-	-	2,823,395	2,823,395

1. Purchased pursuant to a pro-rata non-renounceable options entitlement issue, exercisable at \$0.10 on or before 31 December 2019.

Service Agreements

As at the date of this report, the Company had service agreements with the following executives:

Steven Michael – Managing Director and Chief Executive Officer (CEO)

Commenced on 5 June 2014 with no set term. If the Company wishes to terminate the contract, other than if Mr Michael commits any act of serious misconduct, the Company is obliged to give 3 months' written notice or pay out 3 months of Annual Salary and pay a termination payment equivalent of 3 months' annual salary. If Mr Michael wishes to terminate the contract he must provide 3 months' notice. Mr Michael will be paid a fee of \$25,000 per month for his services as Managing Director and CEO.

Dean Tuck – Exploration Manager

Commenced on 18 November 2016 with no set term. If the Company wishes to terminate the contract, other than if Mr Tuck commits any act of serious misconduct, the Company is obliged to give 3 months' written notice or pay out 3 months of Annual Salary. If Mr Tuck wishes to terminate the contract he must provide 3 months' notice. Mr Tuck will be paid a fee of \$14,167 per month for his services as Exploration Manager.

Transactions with key management personnel

The Company entered into a service agreement with Minerva Corporate Pty Ltd effective 2 April 2014 for the provision of Directorial and Company Secretarial services. Messrs Ong & Foy are related parties of Minerva Corporate Pty Ltd and Arrow Minerals Ltd.

This service agreement was amended in August 2014 to exclude Company Secretarial services.

During the year, an amount of \$33,387 (2017: \$26,400) inclusive of GST was paid or payable in relation to these services. There is an amount of \$3,300 included in trade creditors on account of these services (2017: \$2,200).

All of the Director fees for Mr Ong were remitted to Minerva Corporate Pty Ltd during the current and prior year.

Mr Foy continues to provide Company Secretarial services as an employee of Arrow.

Dr Tabcart's remuneration for the year was paid directly to his related party, Geogen Consulting Pty Ltd. During the year, an additional \$1,200 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 Tabcart is a related party of Mitchell River Group Pty Ltd and Arrow Minerals Limited.

During the year, an amount of \$25,990 (2017: \$29,673) 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.

Other Financial Information

The following table shows gross income, profits/(losses) and dividends for the last five years for the listed entity, as well as the share prices at the end of the respective financial years. The Board is of the opinion that these results can be attributed, in part, to the previously described remuneration policy.

	30 June 2018 \$	30 June 2017 \$	30 June 2016 \$	30 June 2015 \$	30 June 2014 \$
Revenue	7,462	10,999	10,250	9,040	14,330
Net loss before tax	1,171,587	887,642	794,509	2,438,493	1,456,132
Net loss after tax	1,171,587	887,642	794,509	2,438,493	1,456,132
Share price at start of year (cents)	2.6	0.3	0.2	1.0	0.2
Share price at end of year (cents)	2.5	2.6 ¹	0.3	0.2	1.0
Basic loss per share (cents)	0.574	0.867	0.03	0.12	0.19
Diluted loss per share (cents)	0.436	0.867	0.03	0.12	0.20

1. Note that on 13 April 2017 there was a 1 for 35 share consolidation.

Adoption of Remuneration Report by Shareholders

The adoption of the Remuneration Report for the financial year ended 30 June 2017 was put to the shareholders of the Company at the Annual General Meeting held 22 November 2017. The resolution was passed without amendment on a show of hands (95.5% of proxies voted in favour). The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of Remuneration Report

Directors' Interests in the Shares and Options of the Company

As at the date of this report, the relevant direct and indirect interest of each director in the shares and options of Arrow Minerals Limited were:

	Ordinary shares Nos.	Options Nos.
Mr Steven Michael	5,015,713	653,572
Dr Frazer Tabcart	1,875,000	375,000
Mr Nicholas Ong	1,567,857	375,000

Shares under Options

No options were exercised during the 2018 financial year and no shares have been issued from the exercise of options since year-end to the date of this report. No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of any other body corporate. The names of all holders of options are entered into the Company's register, inspection of which may be made free of charge.

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

Expiry date	Nos.	Exercise price
3 August 2018	714,285	\$0.126 ¹
30 June 2019	8,571,408	\$0.175 ¹
31 December 2019	13,146,469	\$0.070 ¹
31 December 2019	<u>120,872,133</u>	\$0.100 ²
	<u><u>143,304,295</u></u>	

1. These options are unlisted.

2. These options are listed.

Meetings of Directors

The following directors' meetings (including meetings of committees of directors) were held during the year and the number of meetings attended by each of the directors during the year were:

	Director's meetings		Remuneration Committee		Audit & Risk Committee	
	eligible to attend	meetings attended	eligible to attend	meetings attended	eligible to attend	meetings attended
Directors						
Steven Michael	4	4	-	-	-	-
Nicholas Ong	4	4	1	1	1	1
Frazer Tabcart	4	4	1	1	1	1

Officers' and Auditor Indemnities and Insurance

During the year, the Company paid an insurance premium to insure certain officers of the Company. The officers of the Company covered by the insurance policy include the Directors named in this report.

The Directors' and Officers' Liability Insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of the indemnity and that may be brought against the officers in their capacity as officers of the Company or a related body corporate.

The insurance policy does not contain details of the premium paid in respect of individual officers of the Company. Disclosure of the nature of the liability cover and the premium paid is subject to a confidentiality clause under the insurance policy.

The Company has entered into an agreement with the Directors and certain officers to indemnify these individuals against any claims and related expenses which arise as a result of work completed in their respective capabilities.

The Company nor any of its related bodies corporate have provided any insurance for any auditor of the Company or a related body corporate.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or Group are important.

Details of the amount paid or payable to the auditor (Pitcher Partners Corporate & Audit (WA) Pty Ltd and Pitchers Partners BA&A Pty Ltd) or its associates for the audit and non-audit services provided during the year are set out in Note 2 to this report.

The Directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants*.

Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2017/191, the amounts in the Directors' report and in the financial report have been rounded to the nearest dollar.

Auditor's Independence Declaration

We have obtained an independence declaration from our auditors which is included on page 28.

Signed in accordance with a resolution of the directors



Steven Michael

Managing Director

Perth, 28 September 2018

Corporate Governance Statement

The Board of Directors of Arrow Minerals Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Arrow Minerals Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Arrow Minerals Limited's corporate governance practices were in place throughout the year ended 30 June 2018 and were compliant with the ASX Governing Council's best practice recommendations, unless otherwise stated.

Information on Corporate Governance is available on the Company's website at:

<https://arrowminerals.com.au/corporate-governance/>

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ARROW MINERALS LIMITED**

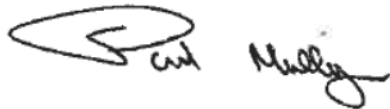
In relation to the independent audit for the year ended 30 June 2018, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants*.

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

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD



PAUL MULLIGAN
Executive Director
Perth, 28 September 2018

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Continuing Operations			
Finance income		7,462	10,999
Gain on disposal of controlling interest	4b	887,313	-
Revaluation of financial assets		443,832	-
Profit on sale of tenements		387,300	124,803
Employee benefits expenses		(545,223)	(495,128)
Occupancy costs		(28,953)	(33,900)
Write off of exploration & evaluation assets	8	(1,767,288)	-
Finance costs		(9,297)	-
Depreciation		(37,788)	(6,956)
Share based payment expenses		(229,498)	(56,756)
Administration and other expenses		(414,351)	(518,825)
Loss before tax from continuing operations	2	(1,306,491)	(975,763)
Income tax benefit	3	134,904	88,121
Loss after tax from continuing operations		(1,171,587)	(887,642)
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		(1,171,587)	(887,642)
Basic loss per share			
	14	<i>Cents</i>	<i>Cents</i>
- From continuing operations		(0.574)	(0.867)
- From total operations		(0.574)	(0.867)
Diluted loss per share			
	14	<i>Cents</i>	<i>Cents</i>
- From continuing operations		(0.436)	(0.867)
- From total operations		(0.436)	(0.867)

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

Consolidated Statement of Financial Position

As at 30 June 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	3,758,484	731,716
Investments in associates	5	544,284	-
Other financial assets	6	720,701	-
Trade and other receivables	7	195,266	54,606
Prepayments		9,911	5,913
Total current assets		5,228,646	792,235
Non-current assets			
Exploration and evaluation assets	8	8,041,647	8,283,225
Property, plant and equipment	9	301,077	122,029
Total non-current assets		8,342,724	8,405,254
TOTAL ASSETS		13,571,370	9,197,489
LIABILITIES			
Current liabilities			
Trade and other payables	10	335,437	235,232
Leave provisions		73,575	62,122
Interest bearing liabilities	11	28,423	15,426
Total current liabilities		437,435	312,780
Non-current liabilities			
Leave provisions		34,920	27,436
Interest bearing liabilities	11	121,754	100,708
Total non-current liabilities		156,674	128,144
TOTAL LIABILITIES		594,109	440,924
NET ASSETS		12,977,261	8,756,565
EQUITY			
Issued capital	12	35,136,180	30,404,876
Reserves	13	1,614,933	953,954
Accumulated losses		(23,773,852)	(22,602,265)
TOTAL EQUITY		12,977,261	8,756,565

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

Consolidated Statement of Changes in Equity

As at 30 June 2018

	Issued capital	Share based payment reserve	Foreign currency translation reserve	Available-for-sale reserve	Option reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$	\$	\$
At 1 July 2016	27,872,072	1,282,372	(476,281)	(150)	91,257	(21,714,623)	7,054,647
Loss for the year 2017	-	-	-	-	-	(887,642)	(887,642)
Other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	-	(887,642)	(887,642)
Issue of Shares (net of costs)	2,532,804	-	-	-	-	-	2,532,804
Issue of Options (net of costs)	-	-	-	-	-	-	-
Share based payments	-	56,756	-	-	-	-	56,756
Total transactions with equity holders	2,532,804	56,756	-	-	-	-	2,589,560
As at 30 June 2017	30,404,876	1,339,128	(476,281)	(150)	91,257	(22,602,265)	8,756,565
At 1 July 2017	30,404,876	1,339,128	(476,281)	(150)	91,257	(22,602,265)	8,756,565
Loss for the year 2018	-	-	-	-	-	(1,171,587)	(1,171,587)
Other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	-	(1,171,587)	(1,171,587)
Issue of Shares (net of costs)	4,731,304	-	-	-	-	-	4,731,304
Issue of Options (net of costs)	-	-	-	-	431,481	-	431,481
Share based payments	-	229,498	-	-	-	-	229,498
Total transactions with equity holders	4,731,304	229,498	-	-	431,481	-	5,392,283
As at 30 June 2018	35,136,180	1,568,626	(476,281)	(150)	522,738	(23,773,852)	12,977,261

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,033,289)	(1,058,635)
Interest income received		7,462	10,999
Income tax refund		134,904	88,121
Net cash used in operating activities	4	(890,923)	(959,515)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from the sale of controlling interests	4b	309,000	-
Proceeds from the sale of tenements		1,625,000	124,803
Payment for exploration and evaluation activities		(2,966,965)	(1,526,884)
Payment for property, plant and equipment		(155,303)	(19,552)
Net cash used in investing activities		(1,188,268)	(1,421,633)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options, net of issue costs		5,142,784	2,432,804
Repayment of lease liabilities		(27,528)	(4,434)
Interest paid		(9,297)	(1,490)
Net cash from financing activities		5,105,959	2,426,880
Net increase in cash and cash equivalents		3,026,768	45,732
Cash and cash equivalents at the beginning of the year		731,716	685,984
Cash and cash equivalents at the end of the year	4	3,758,484	731,716

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

Arrow Minerals Limited (the "Company") is a limited company incorporated in Australia. The consolidated financial report of the Company for the year ended 30 June 2018 comprises the Company and its subsidiaries (together referred to as the "Group").

The financial report was authorised for issue by the directors on 28 September 2018.

The nature of the operation and principal activities of the Group are described in the attached Directors' Report.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report and by all entities in the consolidated entity.

A. Statement of Accounting Policies

These are for-profit general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of Preparation

Historical cost convention

These financial statements have been prepared on an accruals basis and are based on historical costs except where stated otherwise in the notes. Cost is based on the fair values of the consideration given in exchange for assets.

Going Concern

The financial report has been prepared on a going concern basis.

The Consolidated Statement of Comprehensive Income shows that the Group incurred a net loss of \$1,171,587 during the year ended 30 June 2018 (2017: Loss of \$887,642). The Consolidated Statement of Financial Position shows that the Group had cash and cash equivalents of \$3,758,484 (2017: \$731,716).

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.

B. Functional and Presentation of Currency

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency and the presentation currency of the consolidated entity.

Translation of foreign operations:

As at the reporting date the assets and liabilities of foreign operations are translated into the presentation currency at the rate of exchange ruling at the reporting date and the statement of comprehensive income, statement cash flows and statement of changes in equity are translated at the weighted average exchange rates for the year. The exchange differences arising on the retranslation are recognised in other

comprehensive income and accumulated balances are carried forward as a separate component of equity. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

C. Use of Estimates and Judgements

The preparation of financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is set out at Note 1(L). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the profit or loss.

Share based payments (refer Note 19)

The Group measures the cost of equity settled share based payments at fair value at the grant date using the Binomial model taking into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

Existence of significant influence

Through the shareholder agreement, Arrow Minerals Limited is guaranteed one seat on the board of Arrow (Pilbara) Pty Ltd and participates in all significant financial and operating decisions. The Group has therefore determined that it has significant influence over this entity, even though it only holds 49% of the voting rights.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(ii) Commitments - Exploration

The Group has certain minimum exploration commitments to maintain its right of tenure to exploration permits. These commitments require estimates of the cost to perform exploration work required under these permits.

(iii) Benefit from carried forward tax losses

The future recoverability of the carried forward tax losses are dependent upon Group's ability to generate taxable profits in the future in the same tax jurisdiction in which the losses arise. This is also subject to determinations and assessments made by the taxation authorities. The recognition of a deferred tax asset on carried forward tax losses (in excess of taxable temporary differences) is dependent on management's assessment of these two factors. The ultimate recoupment and the benefit of these tax losses could differ materially from management's assessment.

D. Basis of Consolidation

The consolidated financial statements are those of the Group, comprising the financial statements of Arrow "the parent entity" and of all entities which the parent entity controls. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Subsidiaries are eliminated from the date on which control is established and are de-recognised from the date that control ceases.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

E. Revenue Recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

- Interest income is recognised as it accrues using the effective interest method.

F. Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

G. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

H. Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 120 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the profit or loss.

I. Investments and Other Financial Assets

The Group determines the classification of its financial instruments at initial recognition and carries its financial instruments at fair value. Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the entity commits itself to either the purchase or sale of the asset.

Fair value is the measurement basis, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost using the effective rate method. Changes in fair value are either taken to the profit or loss or to an equity reserve.

Fair value is determined based on current bid prices for all quoted investments. If there is not an active market for a financial asset fair value is measured using established valuation techniques.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets are impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists, the cumulative loss is removed from equity and recognised in the profit or loss.

J. Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or loss of the associate is included in the Group's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payment on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Changes in Ownership Interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Arrow Minerals Limited.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

K. Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent Costs

The Group recognises in the carrying amount of an item of Property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits

embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

Depreciation

Depreciation is charged to the profit or loss on a straight-line or diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

Plant and equipment	straight-line	over 3 to 10 years
Motor vehicles	straight-line	over 4 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

De-recognition

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period the item is derecognised.

L. Exploration and Evaluation Expenditure

Exploration and evaluation expenditure, including the costs of acquiring the licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the profit or loss.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

1. the expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or
2. activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

M. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

N. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

O. Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

P. Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Q. Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivable and payable are stated with the amount of GST included.

The amount of GST recoverable from the taxation authority is included as part of the receivables in the Statement of financial position. The amount of GST payable to the taxation authority is included as part of the payables in the Statement of financial position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

R. Share Based Payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value of shares is measured by reference to the quoted market price. Fair value of options is measured by use of valuation techniques. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

S. Earnings per Share

Basic Earnings per Share – is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted Earnings per Share – adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

T. Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

U. Rounding

The Company has applied the relief available to it in ASIC Legislative Instrument 2016/191 and accordingly, certain amounts included in the Directors' report and in the financial report have been rounded off to the nearest \$1 (where rounding is applicable), under the option available to the Company under ASIC Corporations.

V. New standards and Interpretations

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Adoption of these standards has had no impact on the Group's Financial Statements:

New Standards and Interpretations Not Yet Adopted

Pronouncement	Nature of Change	Effective Date
AASB 9 Financial Instruments	<p>AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement.</p> <p>Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.</p> <p>Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held.</p> <p>There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch.</p>	1 January 2018

Pronouncement	Nature of Change	Effective Date
	<p>Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.</p> <p>For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.</p> <p>All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB9, including the embedded derivative separation rules and the criteria for using the FVO.</p> <p>The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9.</p> <p>The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.</p>	
AASB 15 Revenue from Contracts with Customers	<p>AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 Construction Contracts, AASB 118 Revenue, AASB Interpretation 13 Customer Loyalty Programmes, AASB Interpretation 15 Agreements for the Construction of Real Estate, AASB Interpretation 18 Transfers of Assets from Customers and AASB Interpretation 131 Revenue –Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB117 (or AASB 16 Leases, once applied).</p> <p>The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.</p>	1 January 2018
AASB 16 Leases	AASB 16 requires lessees to account for all leases under a single on balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e.,	1 January 2019

Pronouncement	Nature of Change	Effective Date
	<p>leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).</p> <p>Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.</p> <p>Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.</p> <p>Lessor accounting is substantially unchanged from today's accounting under AASB117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.</p>	

The Group has assessed the above new standards and interpretations are to not expected to have a material impact on the Group's financial statements.

2. REVENUE AND EXPENSES	2018	2017
	\$	\$
<i>Loss from continuing operations includes:</i>		
Depreciation expense	37,826	6,956
<i>Employee benefits expense includes:</i>		
Employee benefits, including directors' fees	457,950	440,203
Superannuation expenses	87,274	54,925
Share based payments	229,498	56,756
	<u>774,721</u>	<u>551,884</u>
<i>Auditors' remuneration - for audit or review of financial report</i>		
Pitcher Partners BA&A Pty Ltd	17,500	-
Pitcher Partners Corporate & Audit (WA) Pty Ltd	10,500	27,000
	<u>28,000</u>	<u>27,000</u>
<i>Auditors' remuneration - for other services</i>		
Pitcher Partners BA&A Pty Ltd – Other Assurance Services	2,000	-
Pitcher Partners (WA) Pty Ltd - Taxation	8,750	6,966
	<u>10,750</u>	<u>6,966</u>
3. INCOME TAX	2018	2017
	\$	\$
(a) The major components of income tax expense / (benefit) comprise of:		
Current tax benefit	-	-
Deferred tax benefit	-	-
Under / (over) provision in prior years	(134,904)	(88,121)
	<u>(134,904)</u>	<u>(88,121)</u>
(b) Reconciliation of prima facie tax on continuing operations to income tax benefit:		
Profit / (loss) before tax for the year	<u>(1,306,491)</u>	<u>(975,763)</u>
Tax benefit @ 27.5% tax rate (Australia) (2017: 27.5%)	(359,285)	(268,335)
<i>Adjustments for:</i>		
Entertainment	610	426
Consolidation exit adjustment	61,592	-
Share based payments	63,112	15,608
Under / (over) provision in prior years	(134,904)	(88,121)
Unrecognised DTA on tax losses	233,950	252,301
Income tax expense / (benefit) attributable to profit	<u>(134,904)</u>	<u>(88,121)</u>
(c) Components of deferred taxes		
<i>Deferred tax asset:</i>		
Tax losses	8,393,966	8,436,765
Provisions & accruals	35,336	32,191
Capital & borrowing costs	100,181	45,468
Offset against deferred tax liability / not recognised	(8,529,483)	(8,514,424)
<i>Deferred tax liability:</i>		
Prepayments	(585)	(98)
Investments	(271,869)	-
Exploration expenditure	(2,098,221)	(1,962,718)
Offset against deferred tax assets / not recognised	2,370,675	1,962,816
Net deferred tax asset / (liability)	<u>-</u>	<u>-</u>

3. INCOME TAX (continued)	2018	2017
	\$	\$
(d) Deferred tax assets / liabilities not brought to account		
Temporary differences	(2,234,723)	(1,884,134)
Operating tax losses	7,984,867	7,727,229
Capital losses	634,269	174,424
	<u>6,384,412</u>	<u>6,017,519</u>

The tax benefits of the above deferred tax assets will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- the Group continues to comply with the conditions for deductibility imposed by law; and
- no changes in income tax legislation adversely affect the Group in utilising the benefits.

(e) Tax consolidation

For the purposes of income tax legislation, the Company and its 100% controlled Australian entity have elected to form a tax consolidated group.

4. CASH AND CASH EQUIVALENTS	2018	2017
	\$	\$
Cash at bank and on hand	1,758,484	711,338
Deposits at call	2,000,000	20,378
	<u>3,758,484</u>	<u>731,716</u>

(a) Reconciliation of loss for the year to operating cash flows

Loss for the year	(1,171,587)	(887,642)
<i>Cash flows excluded from profit attributable to operating activities:</i>		
Finance costs on interest bearing liabilities	9,297	1,490
<i>Adjustments for non-cash items:</i>		
Write off of exploration & evaluation Assets	1,767,288	-
Share based payment expense	229,498	56,756
Depreciation expense	37,788	6,956
Gain on disposal of controlling interest	(887,313)	-
Gain on disposal of tenements	(387,300)	(124,803)
Revaluation of financial assets	(443,832)	-
<i>Movement in working capital items:</i>		
(Increase) / decrease in trade and other receivables	(140,660)	(29,355)
(Increase) / decrease in prepayments	(3,998)	(848)
Increase / (decrease) in trade and other payables	99,896	17,931
Net cash used in operating activities	<u>(890,923)</u>	<u>(959,515)</u>

(b) Disposal of controlling interest

During the year the Group disposed of a 51% controlling interest in Arrow (Pilbara) Pty Ltd. Aggregate details of this transaction are:

	2018	2017
	\$	\$
Cash consideration	309,000	-
Non-cash consideration	257,500	-
Total consideration	<u>566,500</u>	-
<i>Assets and liabilities held at disposal date:</i>		
Exploration and evaluation assets	223,471	-
	<u>223,471</u>	-
Non-controlling equity interests	544,284	-
Net gain on disposal	887,313	-
Net cash received	<u><u>309,000</u></u>	-

5. 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		Measurement Method	Carrying Amount	
			2018	2017		2018	2017
Arrow (Pilbara) Pty Ltd	Associate	Perth, Australia	49%	100%	Equity Method	\$544,284	-

Arrow (Pilbara) Pty Ltd is a private entity undertaking exploration activities in the Pilbara region of Western Australia. During the year, the Group disposed of a 51% controlling interest in the wholly-owned subsidiary to Pacton Gold Inc., a Canadian listed company, for consideration of C\$500,000 in cash and C\$250,000 in Pacton shares.

At the date Arrow (Pilbara) Pty Ltd became an associate, and at 30 June 2018, the \$223,471 net assets of the entity related only to exploration & evaluation assets.

For the year ended 30 June 2018, the interest in associate did not make a contribution to the Group profit or loss.

6. OTHER FINANCIAL ASSETS

	2018 \$	2017 \$
Shares in Caeneus Minerals Limited	19,369	-
Shares in Pacton Gold Inc.	701,332	-
Financial assets at fair value through profit or loss	720,701	-

7. TRADE AND OTHER RECEIVABLES

	2018 \$	2017 \$
Bond	2,825	2,825
GST receivable	92,441	51,781
Other debtors	100,000	-
	195,266	54,606

8. EXPLORATION AND EVALUATION ASSETS

	2018 \$	2017 \$
Balance at the beginning of the year	8,283,225	6,487,391
Expenditure incurred during the year	1,525,710	1,695,834
Fair value of tenements on acquisition	-	100,000
Write offs recognised during the year	(1,767,288)	-
Balance at the end of the year	8,041,647	8,283,225

The asset balance comprises of:

Strickland Gold Project	3,323,978	2,135,963
Malinda Lithium Project	1,160,057	732,028
Plumridge Nickel and Gold Projects	3,557,612	4,877,700
Deralinya Project	-	409,572
Pardoo Nickel Project	-	127,962
	8,041,647	8,283,225

At the date of acquisition, the directors assess the fair value of Next Advancements Pty Ltd (included within the Malinda Lithium Project) at \$150,000. The value of the equity issued as part of the acquisition totalling \$125,000 was valued based on the Company's 20-day VWAP of \$0.001 per share.

The acquisition of Next Advancements Pty Ltd has been accounted for as an asset acquisition and recognised at fair value at acquisition.

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

9. PROPERTY, PLANT AND EQUIPMENT	2018	2017
	\$	\$
Motor vehicle		
- At cost	205,858	126,940
- Accumulated depreciation	<u>(36,615)</u>	<u>(5,341)</u>
Total motor vehicle	<u>169,243</u>	<u>121,599</u>
Caravan		
- At cost	45,764	-
- Accumulated depreciation	<u>(2,933)</u>	<u>-</u>
Total office equipment	<u>42,831</u>	<u>-</u>
Office equipment		
- At cost	-	4,897
- Accumulated depreciation	<u>-</u>	<u>(4,467)</u>
Total office equipment	<u>-</u>	<u>430</u>
Office Improvements		
- At cost	92,191	31,251
- Accumulated depreciation	<u>(3,188)</u>	<u>(31,251)</u>
Total computer equipment	<u>89,003</u>	<u>-</u>
Field equipment		
- At cost	-	12,829
- Accumulated depreciation	<u>-</u>	<u>(12,829)</u>
Total field equipment	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u>301,077</u>	<u>122,029</u>

Movements in carrying amounts:

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Motor Vehicle	Caravan	Office Equipment	Office Improvements	Field Equipment	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	-	-	2,047	-	-	2,047
Additions	126,940	-	-	-	-	126,940
Depreciation Expense	(5,341)	-	(1,617)	-	-	(6,958)
Balance at 30 June 2017	<u>121,599</u>	<u>-</u>	<u>430</u>	<u>-</u>	<u>-</u>	<u>122,029</u>
Additions	78,919	45,764	-	92,191	-	216,874
Depreciation Expense	(31,237)	(2,933)	(430)	(3,188)	-	(37,788)
Balance at 30 June 2018	<u>169,243</u>	<u>42,831</u>	<u>-</u>	<u>89,003</u>	<u>-</u>	<u>301,077</u>

Chattel mortgages:

The carrying value of plant and machinery held under chattel mortgages at 30 June 2018 was \$169,243 (2017: \$121,599).

10. TRADE AND OTHER PAYABLES	2018	2017
	\$	\$
Trade creditors and accruals	<u>335,437</u>	<u>235,232</u>
	<u>335,437</u>	<u>235,232</u>

Trade creditors are generally settled on 30 to 90 day terms.

11. INTEREST BEARING LIABILITIES			2018	2017
			\$	\$
	Interest rate	Maturity		
Current				
Obligations under chattel mortgage (Note 17)	8%	2021	28,423	15,426
			28,423	15,426
Non-Current				
Obligations under chattel mortgage (Note 17)	8%	2021	121,754	100,708
			121,754	100,708

12. ISSUED CAPITAL	2018	2017
Ordinary shares full paid	306,976,322	133,464,700

(a) Movement in ordinary share capital

	Nos.	\$
Balance at 1 July 2016	2,899,070,242	27,872,072
15 August 2016 – Acquisition of Next Advancements Pty Ltd	100,000,000	100,000
5 September 2016 – Acuity Placement	112,000,000	500,000
19 October 2016 – Employee Share Plan	130,000,000	-
17 November 2016 – Placement	500,000,000	1,000,000
22 November 2016 – Placement	100,000,000	200,000
22 November 2016 – Employee Share Plan	25,000,000	-
13 April 2017 – Buyback of ESP Shares	(17,000,000)	-
13 April 2017 – 1 for 35 Consolidation	(3,739,098,483)	-
16 June 2017 – Placement	27,492,939	824,923
23 June 2017 – Share Buy back	(3,999,998)	-
Costs of issue		(92,119)
Balance at 30 June 2017	133,464,700	30,404,876
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 Buy back	(1,087,143)	-
Costs of issue		(299,131)
Balance at 30 June 2018	306,976,322	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 (\$)
03/08/2018	714,282	0.126 ¹
30/06/2019	8,571,408	0.175 ¹
31/12/2019	13,146,469	0.070 ¹
31/12/2019	<u>120,872,133</u>	0.100 ²
	<u>143,304,292</u>	

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

Movements	Nos.
Options outstanding as at 1 July 2016 ¹	7,944,721
Granted ¹	<u>8,571,408</u>
Options outstanding at 30 June 2017	<u>16,516,129</u>
Granted	136,685,269
Exercised	(2,666,667)
Expired	<u>(7,230,439)</u>
Options outstanding at 30 June 2018	<u>143,304,292</u>

1. Post 1 for 35 consolidation.

13. RESERVES

	2018	2017
	\$	\$
Option reserve (i)	2,091,364	1,430,385
Foreign currency reserve (ii)	(476,280)	(476,281)
Available for sale reserve (iii)	<u>(150)</u>	<u>(150)</u>
	<u>1,614,933</u>	<u>953,954</u>

- The option reserve relates to shares & options granted by the Company to its employees and suppliers. The 2018 movement relates to the ESP share based payments expensed during the year.
- Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating the net assets of foreign operations) are reclassified to profit or loss on the disposal of the foreign operation.
- The available for sale reserve represents fair value gains / (losses) on available for sale investments recognised in equity.

14. LOSS PER SHARE

The following data reflect the income and share numbers used in calculation of the basic and diluted loss per share:

	Unit	2018	2017
Weighted average number of shares (<i>post 1 for 35 consolidation</i>)	Nos.	204,139,144	102,357,901
Loss from continuing operations	\$	(1,171,587)	(887,642)
Loss from total operations	\$	(1,171,587)	(887,642)
Basic loss per share:			
- From continuing operations	cents	(0.574)	(0.867)
- From total operations	cents	(0.574)	(0.867)

Anti-dilutive equity instruments not considered in diluted loss per share	Nos.	143,304,292	16,516,129
Diluted loss per share:			
- From continuing operations	cents	(0.436)	(0.867)
- From total operations	cents	(0.436)	(0.867)

15. CONTINGENT ASSETS AND LIABILITIES

During the year, the Group disposed of 51% of Arrow (Pilbara) Pty Ltd to Pacton Gold Inc. a Canadian listed company for consideration of C\$500,000 in cash and C\$250,000 in Pacton shares. Of the cash consideration, C\$200,000 was deferred, contingent on the granting of two exploration licence applications, with C\$100,000 paid on the grant of each application. The contingent asset has not been recognised as a receivable at 30 June 2018 as the receipt of the amount is dependent on the outcome of the licence applications.

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

16. SUBSEQUENT EVENTS

Subsequent to the Period, Arrow advised that 714,285 options exercisable at \$0.126 on or before 3 August 2018 had expired unexercised.

On 17 August 2018, the Company bought back, for no consideration, 1,435,713 shares previously issued under the Employee Share Scheme.

On 23 August 2018, the Company advised that it had disposed of its 49% interest in the Pilbara Gold Project to Pacton Gold Inc. for consideration of C\$1,000,000 in cash and 2,000,000 in Pacton shares.

On 21 September 2018, the Company advised that Pacton Gold Inc. had received final acceptance from the TSX Venture Exchange for the Share Sale Agreement dated 20 August 2018 to purchase the Company's 49% interest in the Pilbara Gold Project.

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

17. COMMITMENTS

Exploration & evaluation 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 \$593,000 in 2018/19 (\$1,262,000 in 2017/18). Exploration commitments include requirements under joint ventures for tenements held by other entities.

Leasing commitments

The Company's lease for office accommodation expired at the end of July 2018 and the Company entered into a new 3 year lease from 31 May 2018 at an annual cost of \$51,200.

The 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.

	2018	2017
	\$	\$
Up to 1 year	644,200	1,291,580
Between 1 and 5 years	98,133	2,926,000
Later than 5 years	-	-
	<u>742,333</u>	<u>4,217,580</u>

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:

	2018		2017	
	Minimum payments \$	Present value of payments \$	Minimum payments \$	Present value of payments \$
Up to 1 year	39,007	28,423	23,701	15,426
Between 1 and 5 years	135,320	121,754	116,928	100,708
Later than 5 years	-	-	-	-
Total minimum lease payments	174,327	150,177	140,629	116,134
Less amounts representing finance charges	(24,150)	-	(24,495)	-
Present value of minimum lease payments	150,177	150,177	116,134	116,134

18. RELATED PARTY & KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Parent and subsidiaries

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

The components of the Group are:

	Incorporated	Extent of control	
		2018	2017
Parent			
Arrow Minerals Limited	Australia	-	-
Controlled entities			
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 (Pilbara) Pty Ltd ¹	Australia	49%	100%

¹ Sold subsequent to year end, refer to note 16.

(b) Key management personnel disclosures

The key management personnel compensation included employee benefit and director compensation expenses are as follows:

	2018 \$	2017 \$
Short-term employee benefits	590,270	475,916
Post-employment benefits	85,137	40,651
Long service leave	7,484	4,590
Equity compensation benefits	221,308	56,755
	904,199	577,912

Further information regarding key management personnel has been provided in the Remuneration Report.

(c) Transactions with key management personnel

The Company entered into a service agreement with Minerva Corporate Pty Ltd effective 2 April 2014 for the provision of Directorial and Company Secretarial services. Messrs Ong & Foy are related parties of Minerva Corporate Pty Ltd and Arrow Minerals Ltd.

This service agreement was amended in August 2014 to exclude Company Secretarial services.

During the year an amount of \$33,387 (2017: \$26,400) inclusive of GST was paid or payable in relation to these services. There is an amount of \$3,300 included in trade creditors on account of these services (2017: \$2,200).

All of the Director fees for Mr Ong were remitted to Minerva Corporate Pty Ltd during the current and prior year.

Mr Foy continues to provide Company Secretarial services as an employee of Arrow.

Dr Tabear's remuneration for the year was paid directly to his related party, Geogen Consulting Pty Ltd. During the year, an additional \$1,200 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 Tabear is a related party of Mitchell River Group Pty Ltd and Arrow Minerals Limited.

During the year, an amount of \$25,990 (2017: \$29,673) 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.

19. 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.

The following share-based payments were made during the financial year.

	Beneficiary	Expense	Shares Nos.	Options Nos.	Value \$
2018	Mugarinya Community	Land access	592,768	-	20,000
			<u>592,768</u>	<u>-</u>	<u>20,000</u>
2017	Various vendors	Acquisition of Next Advancements Pty Ltd	100,000,000	-	100,000
			<u>100,000,000</u>	<u>-</u>	<u>100,000</u>

Valuation

Shareholder approval was received on 22 November 2017 for the issue of 5,600,000 shares to directors.

Shareholder approval was received on 18 October 2016 for the issue of 110,000,000 shares to directors.

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.

	2018	2018	2017
Number of Plan Shares	4,200,000	1,400,000	110,000,000
Grant date	22 Nov 2017	22 Nov 2017	18 Oct 2016
Dividend yield (%)	0.00%	0.00%	0.00%
Expected volatility (%)	315%	315%	223%
Risk-free interest rate (%)	1.92%	1.69%	1.69%
Vesting date	Various	1 Year	Various
Expected life (years)	2.25	1 Year	2.25
Share price (\$)	0.052	0.052	0.003
Share price at grant date (\$)	0.052	0.052	0.003
Valuation of shares	0.0517	0.0470	0.0028

Refer to the Remuneration Report for full details of vesting periods and restrictive conditions to be achieved.

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.

20. OPERATING SEGMENTS

The Company operates in one operating and geographic segment being mineral exploration, and evaluation in Western Australia for the year ended 30 June 2018.

21. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the group through regular reviews of the risks.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from receivables from customers and cash and cash equivalents.

All cash balances are held with recognised institutions limiting the exposure to credit risk. There are no formal credit approval processes in place.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	2018 \$	2017 \$
Cash and cash equivalents	3,758,484	731,716
Trade and other receivables – rental bond	2,825	2,825
	<u>3,761,309</u>	<u>734,541</u>

Financial assets are neither past due nor impaired.

Exposure to interest rate risk

The Group's maximum exposure to interest rates at the reporting date was:

	Range of effective interest rate %	Carrying amount \$	Fixed interest rate \$	Total \$
2018				
Financial Assets – Current				
Cash and cash equivalents	0 - 2.2	3,758,484	3,758,484	3,758,484
Financial Liabilities – Current				
Interest bearing liabilities	7.95	28,423	28,423	28,423
Financial Liabilities – Non-Current				
Interest bearing liabilities	7.95	121,754	121,754	121,754
2017				
Financial Assets – Current				
Cash and cash equivalents	0 - 2.2	731,716	731,716	731,716
Financial Liabilities – Current				
Interest bearing liabilities	7.95	15,426	15,426	15,426
Financial Liabilities – Non-Current				
Interest bearing liabilities	7.95	100,708	100,708	100,708

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations.

The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place.

The maturity profile of Group's financial assets and liabilities are:

	Carrying amount \$	Up to 6 months \$
2018		
Cash and cash equivalents	3,758,484	3,758,484
Trade and other receivables	2,825	2,825
Trade and other payables	(315,837)	(315,837)
	<u>3,445,472</u>	<u>3,445,472</u>
2017		
Cash and cash equivalents	731,716	731,716
Trade and other receivables	2,825	2,825
Trade and other payables	(207,732)	(207,732)
	<u>526,809</u>	<u>526,809</u>

The maturity profile disclosed are the contractual undiscounted cash flows.

(c) Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the value of its holdings of financial instruments.

Foreign currency risk:

The Group is exposed to foreign exchange risk through its Canadian Dollar denominated investment as a result of its holding in Pacton Gold Inc. The exposure of this investment is demonstrated within the following table showing the impact of reasonably possible changes in foreign exchange rates, with all other variables constant, on the Group's consolidated statement of profit or loss and other comprehensive income.

Judgements of reasonably possible movements between the Canadian dollar and Australian dollar	Effect on Post Tax Loss (\$) Increase/(decrease)		Effect on Equity (\$) Increase/(decrease)	
	2018	2017	2018	2017
Increase 10%	70,133	-	(70,133)	-
Decrease 10%	(70,133)	-	70,133	-

A sensitivity of 10% movement has been used as this is considered reasonable and is derived from a review of historical movements and management's judgement of future trends.

Interest rate risk:

The Group holds the majority of its cash and cash equivalents within a current account attracting a weighted interest rate of 1.72% pa (2017: 2.00% pa).

The Group's sensitivity to movement in interest rates is shown in the summarised sensitivity analysis table below.

	Carrying amount \$	Interest rate risk			
		+100 bps		-100 bps	
		Profit \$	Equity \$	Profit \$	Equity \$
2018					
Cash and cash equivalents	3,758,484	37,585	(37,585)	(37,585)	37,585
2017					
Cash and cash equivalents	731,716	7,317	(7,317)	(7,317)	7,317

(d) Fair value of financial instruments

The fair value of Group's financial instruments at reporting date are:

	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Cash and cash equivalents	3,758,484	3,758,484	731,716	731,716
Trade and other receivables	2,825	2,825	2,825	2,825
Financial investments	720,701	720,701	-	-
Trade and other payables	(315,837)	(315,837)	(207,732)	(207,732)
	4,166,173	4,166,173	526,809	526,809

The directors consider the carrying amount of the financial instruments to be a reasonable approximation of their fair value on account of the short maturity cycle.

The fair value of the Group's financial assets in quoted equity shares held in Pacton Gold Inc. and Caeneus Minerals Limited, 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.

2018		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value: quoted equity shares	Date of valuation	\$	\$	\$	\$
Shares in Pacton Gold Inc.	30 June 2018	701,332	701,332	-	-
Shares in Caeneus Minerals Limited	30 June 2018	19,369	19,369	-	-

(e) Capital management policy

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Group defines capital as cash and cash equivalents plus equity. The Board of Directors monitors capital on an ad-hoc basis. No formal targets are in place for return on capital, or gearing ratios as the Group has not derived any income from their mineral exploration.

22. PARENT ENTITY INFORMATION
(a) Financial position

	2018	2017
	\$	\$
ASSETS		
Current assets	5,228,646	788,209
Non-current assets	8,342,724	8,257,844
TOTAL ASSETS	13,571,370	9,046,053
LIABILITIES		
Current liabilities	594,109	440,917
TOTAL LIABILITIES	594,109	440,917
NET ASSETS	12,977,261	8,605,136
EQUITY		
Issued capital	35,136,180	30,404,876
Reserves	1,614,933	1,446,560
Accumulated losses	(23,773,852)	(23,246,300)
TOTAL EQUITY	12,977,261	8,605,136

(b) Financial performance

	2018	2017
	\$	\$
Loss for the year	1,171,587	1,089,167
	<u>1,171,587</u>	<u>1,089,167</u>

(c) Commitments

The Company entered into a service agreement with Minerva Corporate Pty Ltd effective 2 April 2014 for the provision of Directorial services. Mr Ong is a related party of Minerva Corporate Pty Ltd.

This service agreement was amended in August 2014 to exclude Company Secretarial services.

During the year an amount of \$33,387 (2017: \$26,400) inclusive of GST was paid or payable in relation to these services. There is an amount of \$3,300 included in trade creditors on account of these services (2017: \$2,200).

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 Tabear is a related party of Mitchell River Group Pty Ltd and Arrow Minerals Limited.

During the year, an amount of \$25,990 (2017: \$29,673) inclusive of GST was paid or payable in relation to these services.

(d) Contingencies

The Company has no contingent assets or liabilities at the reporting date.

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 29 to 55 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.
4. The consolidated financial statements and notes are also in compliance with International Financial Reporting Standards as disclosed in Note 1(a).

On behalf of the Board



Steven Michael
Managing Director

Perth, 28 September 2018

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Arrow Minerals Limited “the Company” and its controlled entities “the Group”, which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors’ declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group’s financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s *APES 110 Code of Ethics for Professional Accountants* “the Code” that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor’s report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
<p>Carrying value of exploration and evaluation assets</p> <p><i>Refer to Note 1(c), (l), (m) & 8</i></p>	<p>Our procedures included, amongst others:</p> <p>Considering the Group's right to explore in the relevant area of interest, which included obtaining and assessing supporting documentation. We also considered the status of the exploration licences as it related to tenure.</p> <p>Considering the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area, including an assessment of the Group's cash-flow forecast models, discussions with senior management and Directors as to the intentions and strategy of the Group.</p> <p>Considering whether the exploration activities within each area of interest have reached a stage where the commercial viability of extracting the resource could be determined.</p> <p>Assessing the adequacy of the disclosures included within the financial report.</p>
<p>As disclosed in Note 8 of the financial report, as at 30 June 2018, the Group held capitalised exploration and evaluation assets of \$8,041,647.</p> <p>The carrying value of exploration and evaluation expenditure is assessed for impairment by the Group when facts and circumstances indicate that the exploration and evaluation expenditure may exceed its recoverable amount.</p> <p>The determination as to whether there are any indicators to require an exploration and evaluation asset to be assessed for impairment, involves a number of judgments including but not limited to:</p> <ul style="list-style-type: none"> • whether the Group has tenure of the tenement; • whether the Group has sufficient funds to meet the tenement minimum expenditure requirements; and • whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. 	

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

Disposal of Controlling Interest

Refer to Note 1(j) & 5

During the year, the Group disposed of a 51% interest in the shares of Arrow (Pilbara) Pty Ltd. The Group was required to calculate the gain on disposal, which was complex due to the detailed terms in the agreement and inherent complexity of the transaction.

There were key terms assessed and judgements made by management including but not limited to:

- Assessment of significant interest and/or control;
- Measurement of 49% interest in associate under the equity method; and
- Assessment of fair value of Arrow (Pilbara) Pty Ltd's net assets on disposal.

Our procedures included, amongst others:

Obtaining an understanding of the key terms within the sale agreement between the Group and Pacton Gold Inc., ensuring that the transaction has been recorded and disclosed in accordance with the terms of this agreement.

Re-performing the calculations of the gain on disposal by comparing the consideration received to the carrying value of the identified assets and liabilities.

Agreeing the consideration received from the sale to the bank statements and share certificates.

Assessing the adequacy of the disclosures included within the financial report.

Share Based Payments

Refer to Note 1(r) & 19

Share based payments represent \$229,498 of the Group's expenditure.

Share based payments must be recorded at fair value of the service provided, or in the absence of such, at the fair value of the underlying equity instrument granted.

In calculating the fair value there are a number of judgements management must make, including but not limited to:

- estimating expected future share price volatility;
- expected dividend yield; and
- risk-free rate of interest.

Our procedures included, amongst others:

Obtaining an understanding of the relevant controls associated with the preparation of the valuation model used to assess the fair value of share based payments, including those relating to volatility of the underlying security and the appropriateness of the model used for valuation.

Critically evaluating and challenging the methodology and assumptions of management in their preparation of valuation model, agreeing inputs to internal and external sources of information as appropriate.

Assessing the Group's accounting policy as set out within Note 1(r) for compliance with the requirements of AASB 2 *Share-based Payment*.

Assessing the adequacy of the disclosures included within the financial report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Report on the Remuneration Report

Opinion on the Remuneration Report

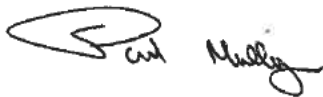
We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018. In our opinion, the Remuneration Report of Arrow Minerals Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Pitcher Partners BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD



PAUL MULLIGAN
Executive Director
Perth, 28 September 2018

Additional Information

Shareholders Information

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

Information as at 12 September 2018.

1. Shares on Issue

Total number of issued fully paid ordinary shares is 306,976,322. In addition, the Company has 120,872,133 quoted options exercisable at 10¢ on or before 31 December 2019.

2. Distribution of Holders

	Shareholders		Quoted Optionholders	
	No. of Holders	No. of Shares	No. of Holders	No. of Options
1 - 1,000	81	9,444	39	17,366
1,001 - 5,000	96	268,631	89	294,116
5,001 - 10,000	105	808,506	126	903,619
10,001 - 100,000	1,070	43,097,428	217	7,335,414
> 100,000	421	262,792,313	131	112,321,618
Total	1,773	306,976,322	602	120,872,133

3. Unmarketable Parcels

The number of holders of less than a marketable parcel of fully paid shares is 675.

4. Substantial Shareholders

Shareholders who hold 5% or more of the issued capital of the Company as per substantial shareholder notices lodged with ASX are listed below.

Name	Number of Shares Held	Percentage Held
Independence Group NL	34,482,759	11.23%
Croesus Mining Pty Ltd	15,467,978	5.03%

5. Restricted Securities

There are no restricted securities currently on issue.

6. Voting Rights

The voting rights attached to each class of equity security are as follows:

Ordinary Shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

There are no voting rights attached to any class of options that is on issue.

7. On-market Buy-Back

Currently there is no on-market buy-back of the Company's securities.

8 Top 20 Holders – Ordinary Shares

Rank	Name	Units	% of Units on issue
1	Independence Group NL	34,482,759	11.23
2	Havelock Mining Investment Ltd	11,103,002	3.62
3	Croesus Mining Pty Ltd <The Second Super Fund A/C>	10,582,265	3.45
4	Tubechangers Pty Ltd <King Family A/C>	4,867,600	1.59
5	Shelley Kathleen Lewis <The Lewis A/C>	4,420,133	1.44
6	Steven Michael	4,242,856	1.38
7	Fairbrother Holdings Pty Ltd	3,675,000	1.20
8	BNP Paribas Nominees Pty Ltd	3,572,341	1.16
9	Phillip Roger Lee Schmidt	3,001,000	0.98
10	Ocean Reef Holdings Pty Ltd	3,000,000	0.98
11	Croesus Mining Pty Ltd <Steinepreis Super Fund A/C>	3,000,000	0.98
12	Ian Michael Paterson Parker <Parker Super Fund A/C>	3,000,000	0.98
13	Peter Howells	2,771,517	0.90
14	Brian Peter Byass	2,706,250	0.88
15	Citicorp Nominees Pty Limited	2,317,515	0.75
16	Khe Sanh Pty Ltd <Trading No 1 A/C>	2,296,981	0.75
17	Craig Mickle	2,100,000	0.68
18	Dean Tuck + Dianne Tuck <Tuck Family A/C>	2,067,856	0.67
19	Tracie Louise Cielak <4-Cie A/C>	2,000,000	0.65
20	Gail Myrtle McConnon	2,000,000	0.65
Totals: Top 20 holders of AMD ORDINARY FULLY PAID		107,207,075	34.92
Total Remaining Holders Balance		199,769,247	65.08
Total Holders Balance		306,976,322	100.00

9. Top 20 Holders – Quoted Options Exercisable at 10¢ on or before 31 December 2019

Rank	Name	Units	% of Units on Issue
1	Independence Group NL	17,241,380	14.26
2	Zenix Nominees Pty Ltd	13,793,105	11.41
3	Ian Michael Paterson Parker <Parker Super Fund A/C>	6,125,000	5.07
4	Camrina Pty Ltd <Fairbrother Super Fund A/C>	5,750,000	4.76
5	Croesus Mining Pty Ltd <Steinepreis Super Fund A/C>	5,122,024	4.24
6	Croesus Mining Pty Ltd <The Second Super Fund A/C>	4,328,038	3.58
7	Yuan-Hsiang Chung	3,366,007	2.78
8	Havelock Mining Investment Ltd	2,775,751	2.3
9	Tubechangers Pty Ltd <King Family A/C>	2,477,550	2.05
10	M & K Korkidas Pty Ltd <M&K Korkidas P/L S/Fund A/C>	1,800,000	1.49
11	Pot of Gold Enterprises Pty Ltd <Iddon Family A/C>	1,680,224	1.39
12	Furong Zhang	1,172,795	0.97
13	Khe Sanh Pty Ltd <Trading No 1 A/C>	1,125,000	0.93
14	Luke Kukulj	1,100,000	0.91
15	HSBC Custody Nominees (Australia) Limited	1,090,713	1.0
16	Earl Grant Pty Ltd <Saunders Family A/C>	1,080,000	0.89
17	Eric Peter Murphy + Mrs Kim Lea Murphy <Murphy Family S/F A/C>	1,050,000	0.87
18	Richmond Resources Pty Ltd	1,000,000	0.83
19	Ocean Reef Holdings Pty Ltd	1,000,000	0.83
20	Grasmere Nominees Pty Ltd	1,000,000	0.83
Totals: Top 20 holders of AMDOA EX10¢ EXP31/12/2019		74,079,344	61.29%
Total Remaining Holders Balance		46,792,789	38.71%
Total Holders Balance		120,872,133	100.00%

10. Unquoted Securities

As at 12 September 2018 the following options over un-issued shares were on issue:

- 8,571,408 options exercisable at \$0.175 on or before 30 June 2019.
- 13,146,469 options exercisable at \$0.07 on or before 31 December 2019.

11. Unquoted Equity Security Holders with Greater than 20% of an Individual Class

As at 12 September 2018 no class of unquoted securities had holders with greater than 20% of the class on issue.

12. Company Secretary

The name of the Company Secretary is Matthew Foy.

13. Registered Address

The address of the principal registered office is Unit 18, 40 St Quentin Avenue, Claremont WA 6010. Telephone (08) 9383 3330.

14. Registers

The registers of securities are held at the following address:

Advance Share Registry
110 Stirling Highway
Nedlands WA 6009

Tenement Schedule as at 12 September 2018

Tenement ID	Holder	Interest	Granted	Expiry
E09/1618	Arrow (Malinda) Pty Ltd & Zeus Resources Ltd	35%	16/05/2011	15/05/2021
E09/2169	Arrow (Malinda) Pty Ltd	100%	16/05/2017	15/05/2022
E09/2170	Arrow (Malinda) Pty Ltd	100%	16/05/2017	15/05/2022
E09/2197	Arrow (Malinda) Pty Ltd	100%	28/04/2017	27/04/2022
E09/2198	Arrow (Malinda) Pty Ltd	100%	28/04/2017	27/04/2022
E09/2283	Arrow (Malinda) Pty Ltd	100%	Application	
E16/495	Arrow (Strickland) Pty Ltd	100%	03/07/2017	02/07/2022
E16/498	Arrow (Strickland) Pty Ltd	100%	Application	
E28/1475	Arrow (Plumridge) Pty Ltd & Independence Group NL	49%	17/11/2004	16/11/2018
E28/2266 ¹	Arrow (Plumridge) Pty Ltd & Independence Group NL	49%	25/07/2013	24/07/2018
E28/2267 ¹	Arrow (Plumridge) Pty Ltd & Independence Group NL	49%	23/04/2013	22/04/2018
E28/2317	Arrow (Plumridge) Pty Ltd & Independence Group NL	49%	22/01/2014	21/01/2019
E30/488	Arrow (Strickland) Pty Ltd	100%	05/04/2017	04/04/2022
E30/493	Arrow (Strickland) Pty Ltd	100%	04/07/2017	03/07/2022
E30/494	Arrow (Strickland) Pty Ltd	100%	11/07/2017	10/07/2022
E30/503	Arrow (Strickland) Pty Ltd	100%	Application	
E39/1084	Arrow (Plumridge) Pty Ltd & Independence Group NL	49%	11/01/2006	10/01/2019
E39/1709	Arrow (Plumridge) Pty Ltd & Independence Group NL	49%	30/05/2014	29/05/2019
E39/1710	Arrow (Plumridge) Pty Ltd & Independence Group NL	49%	09/04/2013	08/04/2023
E39/1731	Arrow (Plumridge) Pty Ltd & Independence Group NL	49%	17/11/2004	16/11/2018
E39/2088	Arrow (Plumridge) Pty Ltd	100%	Application	
E45/1866 ²	Arrow (Pardoo) Pty Ltd	0%	09/02/2004	08/02/2019
E45/4279 ²	Arrow (Pardoo) Pty Ltd	0%	03/12/2014	02/12/2019
E45/4671 ²	Arrow (Pardoo) Pty Ltd	0%	27/03/2017	26/03/2022
E45/5042	Arrow (Pilbara) Pty Ltd	49%	Application	
E45/5042	Arrow (Pilbara) Pty Ltd	49%	Application	
E47/3476	Arrow (Pilbara) Pty Ltd	49%	17/11/2016	16/11/2021
E47/3478	Arrow (Pilbara) Pty Ltd	49%	17/11/2016	16/11/2021
E77/2403	Arrow (Strickland) Pty Ltd	100%	21/04/2017	20/04/2022
E77/2416	Arrow (Strickland) Pty Ltd	100%	03/07/2017	02/07/2022
E77/2432	Arrow (Strickland) Pty Ltd	100%	16/10/2017	15/10/2022

1. Subject to Extension of Term application.

2. Tenements are held on trust awaiting transfer to Caeneus Minerals Limited.



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