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# ARROW MINERALS

*(ABN 49 112 609 846)*

AND CONTROLLED ENTITIES

**HALF YEAR CONDENSED FINANCIAL REPORT**

**31 DECEMBER 2021**

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## CORPORATE DIRECTORY

### DIRECTORS

Dr Frazer Tabcart	Non-Executive Chairman
Mr Hugh Bresser	Managing Director
Mr Tommy McKeith	Non-Executive Director

### COMPANY SECRETARY

Ms Catherine Grant-Edwards  
Ms Melissa Chapman

### PRINCIPAL & REGISTERED OFFICE

Suite 5, 63 Hay Street  
Subiaco WA 6008  
Telephone (08) 9383 3330  
Email [info@arrowminerals.com.au](mailto:info@arrowminerals.com.au)

### AUDITORS

HLB Mann Judd (WA Partnership)  
Level 4, 130 Stirling Street  
Perth WA 6000

### BANKERS

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

### SHARE REGISTRY

Advanced Share Registry Service  
150 Stirling Highway  
Nedlands WA 6009

### STOCK EXCHANGE LISTING

Arrow Minerals Limited shares (**AMD**) are listed on the Australian Securities Exchange (**ASX**)

## DIRECTORS' REPORT

Your directors submit their financial report of Arrow Minerals Limited (ASX:AMD) (**Arrow** or the **Company**) and its controlled entities (together the **Group**) for the half-year ended 31 December 2021.

The names of AMD's directors in office during the half-year and as at the date of this report are as follows:

- Dr Frazer Tabear (Non-Executive Chairman)
- Mr Hugh Bresser (Managing Director) (*Appointed Executive Director on 5 July 2021, transitioned to role of Managing Director 1 March 2022*)
- Mr Tommy McKeith (Non-Executive Director)
- Mr Howard Golden (Managing Director) (*Resigned 28 February 2022*)

### REVIEW OF OPERATIONS

During the half-year ended 31 December 2021, Arrow continued to advance its high-quality projects in Burkina Faso and divest its non-core interests in Australia. Key highlights from the period are summarised below.

#### BURKINA FASO

##### Vranso Project

The final agreement to provide Arrow access to Trevali Mining Corporation's (TSX:TV) (**Trevali**) mineral exploration permits adjacent to Arrow's Divole East, Divole West and Dyapya exploration permits in Burkina Faso was signed in August 2021.

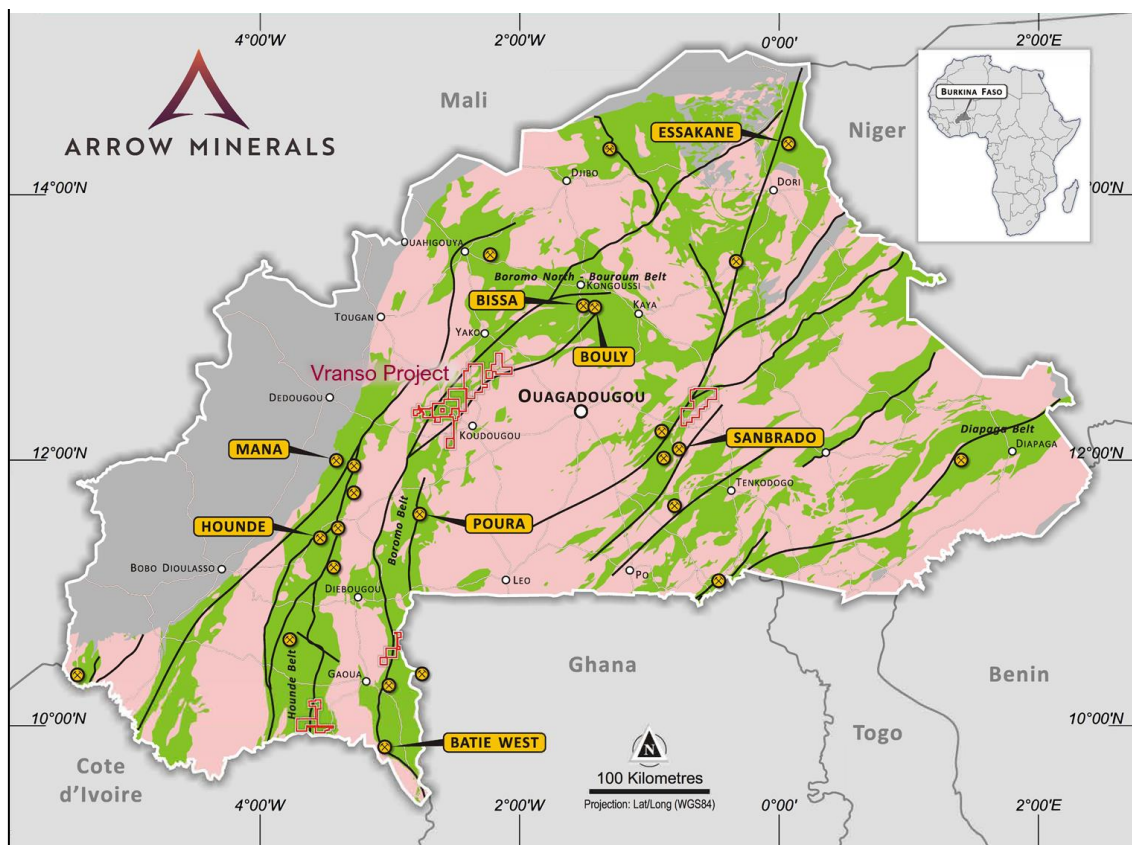
In September 2021 Arrow announced that it had secured the Tombi-Ouest Minerals Exploration Permit (**Tombi-Ouest**) in Burkina Faso for a total consideration of approximately AUD \$170,000 and a 1% NSR. The acquisition of Tombi-Ouest completes the consolidation of the Vranso Project in Burkina Faso (**Figure 1**).

During the period, Arrow conducted a two-month intensive data compilation and integration exercise capturing historical geochemical, geophysical, and geological information covering the 1,300km<sup>2</sup> area of the Vranso Project within the world class gold-bearing Paaleoproterozoic Birimian Greenstone, Burkina Faso.

A major exploration programme commenced in November 2021 across the Vranso Project, with the following activities completed so far:

- 35 holes (3,472m) of reverse circulation (RC) drilling (across the Dassa Prospect, Guido Prospect, and Samapoun Prospect);
- 1,054 soil geochemical samples; and
- 222 stream sediment geochemical samples.

The entire planned exploration programme is anticipated to take six months to complete.



**Figure 1: Vranso Project, central Burkina Faso, underexplored gold bearing Greenstone Belt**

Houde South JV (AMD 100%, Fortuna earning in to 70%)

At Arrow's joint venture with Fortuna Silver Mines in southern Burkina Faso, Fortuna is continuing its extensive programme of auger drilling with in-fill over the most prospective areas.

## AUSTRALIA

Malinda Lithium Project ((AMD 100%, Electrostate earning in to 85%)

Arrow advised, on 23 August 2021, it had entered an earn-in agreement with Electrostate Pty Ltd (**Electrostate**) wherein Electrostate may earn up to 85% of Arrow's Malinda lithium project in Western Australia (**Agreement**). The Agreement covers three exploration tenements, E09/2169, E09/2170 and E09/2283 in the Gascoyne region of north-western WA. The Agreement provides for Electrostate to perform exploration activities on the tenements over an eighteen-month period in addition to cash payments to Arrow. The formal joint venture agreement was executed during the period. During the period, the Company received a total of \$112,967 in payments from Electrostate, representing the \$60,000 cash consideration and \$52,967 for reimbursement of exploration expenditure.

Strickland Cu-Au Project

Reverse Circulation drilling on five coincident geochemical and geophysical targets produced one zone of highly anomalous copper over 20m. A downhole electromagnetic survey in the anomalous copper hole detected a deeper conductive body that is a target that bears the characteristics of a volcanogenic massive sulphide (VMS) deposit.



**Figure 2: Location map of Strickland project, Western Australia**

### Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Hugh Bresser, a Competent Person who is a Member of the Australian Institute of Geoscientists and Australasian Institute of Mining and Metallurgy. Mr Bresser is an employee of Milagro Ventures which provides executive and technical consultancy services to Arrow Minerals, Mr Bresser is in the role of Managing Director of Arrow Minerals, he has sufficient experience that 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 Bresser consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### CORPORATE

The following significant transactions and events occurred during the period:

#### Director Appointment

Mr Hugh Bresser was appointed as an Executive Director on 5 July 2021 and served in the role of Technical Director during the period.

#### Annual General Meeting

The Company held its annual general meeting of shareholders on 25 November 2021 (**AGM**) where all resolutions put to shareholders were decided by way of a poll.

## CHANGES IN CAPITAL STRUCTURE

Movements in the securities of the Company during the half-year ended 31 December 2021 is summarised as follows:

### Shares

There were no new shares issued during period.

During the period, the Company bought back, for no consideration, the following shares which were previously issued under the Company's existing Employee Share Plan (**ESP**):

- 6,250,000 shares (cancelled 30 July 2021);
- 1,800,000 shares (cancelled 1 November 2021); and
- 400,000 shares (cancelled 22 December 2021).

### Unlisted Options

During the period the Company issued the following unlisted options:

- 4,300,000 unlisted options exercisable at 0.9¢ expiring 11 October 2024 to employees pursuant to the shareholder approved Employee Securities Incentive Plan (**ESIP**);
- 8,000,000 unlisted options with an exercise price of 0.9¢ expiring 25 November 2024 were issued to Directors (or their nominees); and
- 5,000,000 unlisted options with an exercise price of 1.1¢ expiring 25 November 2025 were issued to Directors (or their nominees).

There were no unlisted options exercised or lapsed during the period.

### Convertible Notes

There were no movements in Convertible Notes during the period.

### Performance Rights

There were no movements in Performance Rights during the period.

### Securities on Issue at 31 December 2021

#### Quoted Securities

Ordinary shares on issue (ASX:AMD)	1,823,931,760 <sup>1</sup>
------------------------------------	----------------------------

#### Unquoted Securities

Options exercisable at 2.0¢ on or before 22/08/2022	120,150,000
Options exercisable at 1.45¢ on or before 22/08/2023	37,500,000
Options exercisable at 1.25¢ on or before 15/10/2022	10,000,000
Options exercisable at 1.0¢ on or before 11/12/2023 <sup>2</sup>	2,850,000
Options exercisable at 0.9¢ on or before 11/10/2024 <sup>2</sup>	4,300,000
Options exercisable at 0.9¢ on or before 25/11/2024	8,000,000
Options exercisable at 1.1¢ on or before 25/11/2025	5,000,000
Class B Performance Rights subject to performance conditions expiring on 26/08/2022 <sup>3</sup>	69,682,290
Class C Performance Rights subject to performance conditions expiring on 26/08/2023 <sup>4</sup>	69,682,300
Convertible Notes	1,000,000

<sup>1</sup> Includes 11,000,000 shares under restriction pursuant to the ESP

<sup>2</sup> Pursuant to ESIP

<sup>3</sup> Class B Performance Rights Milestone: Announcement by Arrow of a JORC 2012 compliant Inferred, Indicated and Measured Resource collectively of at least 500,000oz of gold located on the Tenements

<sup>4</sup> Class C Performance Rights Milestone: Announcement by Arrow of a JORC 2012 compliant Inferred, Indicated and Measured Resource collectively of at least 1,000,000oz of gold located on the Tenements

## SUBSEQUENT EVENTS

### *Corporate Restructure*

As announced on 28 February 2022, Mr Howard Golden resigned as a Director of the Company. Mr Hugh Bresser, who has been Arrow's Technical Director since 5 July 2021, assumed the role as Managing Director effective 1 March 2022.

No other matters or circumstances have arisen since 31 December 2021 which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

## AUDITOR'S INDEPENDENCE DECLARATION

In accordance with section 307C of the Corporations Act 2001, we have obtained an independence declaration from our auditors, HLB Mann Judd (WA Partnership), which is included in this report.

Signed in accordance with a resolution of the Directors



**Hugh Bresser**

**Managing Director**

Perth, 3 March 2022



**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the consolidated financial report of Arrow Minerals Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



**Perth, Western Australia**  
**3 March 2022**

**B G McVeigh**  
**Partner**

**hlb.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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**CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Note	31 Dec 2021 \$	31 Dec 2020 \$
<b>Continuing Operations</b>			
Other income	2	113,062	397,950
Net profit on financial assets/liabilities measured at fair value	6	104,250	16,428
Gain on initial measurement of convertible notes		-	75
Employee benefits expenses		(268,491)	(221,990)
Occupancy costs		(24,307)	(21,819)
Amortisation of right of use assets		(7,462)	(39,124)
Impairment of exploration and evaluation assets		-	(17,549)
Finance costs		(72,492)	(74,403)
Depreciation		(10,696)	(39,026)
Share-based payment expense	10(a)	(19,461)	(7,719)
Administration and other expenses		(387,629)	(393,701)
Loss before tax from continuing operations		<b>(573,226)</b>	<b>(400,878)</b>
Income tax expense		-	-
Loss after tax from continuing operations		<b>(573,226)</b>	<b>(400,878)</b>
<b>Other comprehensive income</b>			
Items that may be classified subsequently to profit or loss			
Movement in foreign currently translation reserve		11,844	25,994
Other comprehensive income for the period		<b>11,844</b>	<b>25,994</b>
Total comprehensive loss for the period attributable to members of the Company		<b>(561,382)</b>	<b>(374,884)</b>
<b>Loss per share for the period attributable to the members of Arrow Minerals Limited</b>			
Basic loss per share (cents per share)		(0.031)	(0.031)
Diluted loss per share (cents per share)		(0.031)	(0.031)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

	Note	31 Dec 21 \$	30 Jun 21 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	1,413,871	3,283,858
Trade and other receivables		49,388	71,786
Prepayments		68,781	40,594
<b>TOTAL CURRENT ASSETS</b>		<b>1,532,040</b>	<b>3,396,238</b>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation assets	4	11,007,236	9,799,067
Right of use assets		35,771	43,233
Property, plant and equipment		62,844	61,272
<b>TOTAL NON-CURRENT ASSETS</b>		<b>11,105,851</b>	<b>9,903,572</b>
<b>TOTAL ASSETS</b>		<b>12,637,891</b>	<b>13,299,810</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5	470,014	506,460
Right of use lease liabilities		14,346	13,666
<b>TOTAL CURRENT LIABILITIES</b>		<b>484,360</b>	<b>520,126</b>
<b>NON-CURRENT LIABILITIES</b>			
Right of use lease liabilities		22,259	29,675
Other financial liabilities	6	1,122,083	1,198,899
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,144,342</b>	<b>1,228,574</b>
<b>TOTAL LIABILITIES</b>		<b>1,628,702</b>	<b>1,748,700</b>
<b>NET ASSETS</b>		<b>11,009,189</b>	<b>11,551,110</b>
<b>EQUITY</b>			
Issued capital	7	45,957,349	45,957,349
Reserves		2,916,286	2,884,981
Accumulated losses		(37,864,446)	(37,291,220)
<b>TOTAL EQUITY</b>		<b>11,009,189</b>	<b>11,551,110</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Note	31 Dec 2021 \$	31 Dec 2020 \$
<b>Cash Flows from Operating Activities</b>			
Payments to suppliers and employees		(691,771)	(719,677)
Interest income received		95	1,088
Other income		-	50,000
<i>Net cash used in operating activities</i>		<b>(691,676)</b>	<b>(668,589)</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from the sale of tenements		112,967	-
Proceeds from sale of other financial assets		-	587,341
Payment for exploration and evaluation activities		(1,112,813)	(784,652)
Purchase of property plant and equipment		(12,268)	(59,468)
<i>Net cash used in investing activities</i>		<b>(1,012,114)</b>	<b>(256,779)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares		-	771,260
Capital raising transaction costs		(118,404)	(52,214)
Proceeds from convertible notes		-	1,000,000
Convertible notes transaction costs		-	(60,000)
Principal payments on lease liabilities		(6,736)	(45,639)
Interest paid on convertible notes		(40,110)	(40,110)
Interest paid on lease liabilities		-	(890)
<i>Net cash (used in) / from financing activities</i>		<b>(165,250)</b>	<b>1,572,407</b>
Net (decrease) / increase in cash and cash equivalents		(1,869,040)	647,037
Effect of exchange rate movements		(947)	(2,010)
Cash and cash equivalents at the beginning of the period		3,283,858	1,485,933
<b>Cash and cash equivalents at the end of the period</b>	<b>3</b>	<b>1,413,871</b>	<b>2,130,960</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	<b>Issued Capital</b>	<b>Share-Based Payment Reserve (Shares)</b>	<b>Share-Based Payment Reserve (Options)</b>	<b>Foreign Currency Translation Reserve</b>	<b>Accumulated Losses</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2020</b>	42,347,662	2,066,964	813,104	(6,391)	(34,612,759)	10,608,580
Loss after tax for the period	-	-	-	-	(400,878)	(400,878)
Other comprehensive income	-	-	-	25,994	-	25,994
Total comprehensive loss for the period	-	-	-	25,994	(400,878)	(374,884)
Issue of Shares (net of costs)	771,606	-	-	-	-	771,606
Issue of Options (net of costs)	-	-	2,783	-	-	2,783
Share-based payments	-	4,936	-	-	-	4,936
Total transactions with equity holders	771,606	4,936	2,783	-	-	779,325
<b>Balance at 31 December 2020</b>	<b>43,119,268</b>	<b>2,071,900</b>	<b>815,887</b>	<b>19,603</b>	<b>(35,013,637)</b>	<b>11,013,021</b>
	<b>Issued Capital</b>	<b>Share-Based Payment Reserve (Shares)</b>	<b>Share-Based Payment Reserve (Options)</b>	<b>Foreign Currency Translation Reserve</b>	<b>Accumulated Losses</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2021</b>	45,957,349	2,071,531	818,914	(5,464)	(37,291,220)	11,551,110
Loss after tax for the period	-	-	-	-	(573,226)	(573,226)
Other comprehensive income	-	-	-	11,844	-	11,844
Total comprehensive loss for the period	-	-	-	11,844	(573,226)	(561,382)
Issue of Options (net of costs)	-	-	13,846	-	-	13,846
Share-based payments	-	5,615	-	-	-	5,615
Total transactions with equity holders	-	5,615	13,846	-	-	19,461
<b>Balance at 31 December 2021</b>	<b>45,957,349</b>	<b>2,077,146</b>	<b>832,760</b>	<b>6,380</b>	<b>(37,864,446)</b>	<b>11,009,189</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Statement of compliance

These half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with AASB 134 ensures compliance with IAS 34 Interim Financial Reporting.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by Arrow Minerals Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

#### b) Basis of Preparation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The half-year financial report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

#### c) Going concern

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

The Group has incurred a net loss after tax for the half-year ended 31 December 2021 of \$573,226 (31 December 2020: \$400,878) and a net cash outflow from operating and investing activities of \$1,703,790 (31 December 2020: \$925,368). Net assets of the Group as at 31 December 2021 were \$11,009,189 (30 June 2021: \$11,551,110). Cash and cash equivalents as at 31 December 2021 were \$1,413,871 (30 June 2021: \$3,283,858).

The ability of the Group to continue as a going concern is dependent on it being able to successfully raise further debt or capital funding in the next 12 months, to pursue its current exploration strategy. Management will continue to explore the tenements and 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 in the next 12 months. Specifically, the Directors' conclusion is supported by the following:

- Successful capital raisings during the 30 June 2021 financial year, totalling \$3,823,821 (before costs) and a further \$1,000,000 (before costs) raised from the issue of the Convertible note;

- The ability to reduce exploration and evaluation expenditures accordingly should the need arise through the ongoing close monitoring of cash reserves; and
- No anticipated events of default from the Convertible note (on which there are no financial covenants) which has a maturity date of 26 August 2024, giving the Group time to pursue its strategy of achieving exploration success from its tenement portfolio.

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

Should the Group be unable to raise further debt or capital within the next 12 months with the initiatives detailed above, then there exists a material uncertainty that may cast significant doubt on whether the Group will be able to continue as a going concern and whether it will be required to realise assets and extinguish liabilities other than in the ordinary course of business with the amount realised being different from those shown in the financial statements.

**d) Adoption of new and revised standards**

Standards and Interpretations applicable to 31 December 2021

In the half-year ended 31 December 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2021. As a result of this review, the Directors have applied all new and amended Standards and Interpretations that were effective as at 1 July 2021 with no material impact on the amounts or disclosures included in the financial report.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted

**e) Significant accounting judgements and key estimates**

The preparation of the half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2021.

**2. OTHER INCOME**

	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	\$	\$
Interest income	95	1,088
Profit on sale of investments	-	396,862
Profit on sale of tenements	112,967	-
	<u>113,062</u>	<u>397,950</u>

**3. CASH AND CASH EQUIVALENTS**

	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	\$	\$
Cash at bank and on hand	<u>1,413,871</u>	<u>3,283,858</u>

**4. EXPLORATION AND EVALUATION ASSETS**

	31 Dec 2021	30 Jun 2021
	\$	\$
Exploration and evaluation assets	11,007,236	9,799,067
<i>Movements:</i>		
Balance at the beginning of the period	9,799,067	8,865,472
Expenditure incurred during the period	1,208,169	2,507,093
Impairment recognised during the period	-	(1,573,498)
Balance at the end of the period	11,007,236	9,799,067
<i>The asset balance comprises of the following areas of interest:</i>		
Vranso Gold Projects (Burkina Faso)	7,664,462	6,595,013
Strickland Gold Project	2,989,472	2,850,722
Malinda Lithium Project	353,332	353,332
	11,007,236	9,799,067

**5. TRADE AND OTHER PAYABLES**

	31 Dec 2021	30 Jun 2021
	\$	\$
Trade creditors and accruals	361,410	411,481
GST and withholding tax payable	22,357	14,316
Payroll liabilities	86,247	80,663
	470,014	506,460

**6. OTHER FINANCIAL LIABILITIES**

	31 Dec 2021	30 Jun 2021
	\$	\$
Convertible note (a)	1,017,559	989,852
Contingent consideration (b)	104,524	209,047
	1,122,083	1,198,899

**(a) Convertible Note**

As previously disclosed, on 26 August 2020 the Company issued 1,000,000 unsecured convertible notes at A\$1.00 each, raising \$1,000,000 (before costs of \$60,000). The notes have a 48 month Maturity Date, unless converted prior. Conversion can occur at any time up to the Maturity Date, unless redeemed prior through a Change in Control of the Company or by an Event of Default. The Company also holds the right to redeem the convertibles notes after 36 months and prior to the Maturity Date. There are no specific financial covenants within the Event of Default, although failure to pay any material amounts under the agreement (e.g. interest) and insolvency are Events of Default. The convertible notes have an interest rate of 8% and allow the holder to convert the \$ amount held (**Outstanding Amount**) into the equivalent amount of shares based on the lower of 0.75 cents per share (being 1.25 times the price of shares issued to the market pursuant to the equity raising on 24 June 2020 (**First Equity Raising**)) and (if lower) 1.25 times the price of a subsequent capital raising. The debt instrument contains an embedded forward, being the conversion feature based on the lower of 0.75 cents and 1.25 times the prevailing price of shares (**Subsequent Equity Raising**), resulting in a variable number of shares.



The financial liability recorded in the statement of financial position comprises the following components:

	31 Dec 2021	30 June 2021
	\$	\$
Embedded derivative – financial liability at fair value through profit/loss	(4,601)	(4,328)
Deferred Gain on Convertible note	(142,951)	(142,951)
Host debt contract – financial liability at amortised cost	(870,007)	(842,573)
<b>Total value of Convertible Note</b>	<b>(1,017,559)</b>	<b>(989,852)</b>

### (b) Contingent Consideration

As part of the accounting for the acquisition of Boromo Gold Ltd (completed in August 2019), contingent consideration with an estimated fair value of \$730,955 was recognised as a current liability at the acquisition date. During the year ended 30 June 2020, the first performance milestone was met, with \$557,458 transferred to Issued Capital. The remaining contingent consideration is subject to remeasurement at reporting date. Movement in the financial liability is as follows:

	31 Dec 2021	30 Jun 2021
	\$	\$
Opening Balance	209,047	146,333
Performance rights issued during the period	-	-
Conversion of performance rights	-	-
Gain / (loss) on revaluation	(104,523)	62,714
Closing Balance	104,524	209,047

## 7. ISSUED CAPITAL

	31 Dec 2021	30 Jun 2021
	\$	\$
Ordinary shares issued and fully paid	45,957,349	45,957,349

### (a) Movements in issued capital

	Note	31 December 2021		30 June 2021	
		No.	\$	No.	\$
Balance at beginning of the period		1,832,381,760	45,957,349	1,200,415,742	42,347,662
Placement A	(i)	-	-	137,303,518	823,820
Placement B	(ii)	-	-	500,000,000	3,000,000
ESP share buy-back and cancellation	(iii)	-	-	(3,081,250)	-
ESP share buy-back and cancellation	(iv)	-	-	(2,256,250)	-
ESP share buy-back and cancellation	(v)	(6,250,000)	-	-	-
ESP share buy-back and cancellation	(vi)	(1,800,000)	-	-	-
ESP share buy-back and cancellation	(vii)	(400,000)	-	-	-
Costs of capital raising		-	-	-	(214,134)
Balance at end of the period		1,823,931,760	49,957,349	1,832,381,760	45,957,349

- (i) As announced 16 June 2020, Arrow received commitments from sophisticated investors to raise \$2,200,000 pursuant to a placement of up to 366,666,666 fully paid ordinary shares in the Company at an issue price of 0.6 cents per Share (**Placement A**). Placement C was completed in two tranches as follows:
- Tranche 1 – 229,363,148 Placement C shares which were issued on 24 June 2020; and
  - Tranche 2 – 137,303,518 Placement C shares which were issued on 27 August 2020, following receipt of shareholder approval.
- (ii) As announced 4 May 2021, Arrow received commitments from sophisticated investors to raise \$3,000,000 pursuant to a placement of 500,000,000 Shares at an issue price of 0.6 cents per Share (**Placement B**). Placement B was completed in two tranches as follows:
- Tranche 1 – 33,095,440 Shares which were issued 11 May 2021; and
  - Tranche 2 – 166,904,560 Shares which were issued 25 June 2021 following receipt of Shareholder approval at the Company's General Meeting held on 22 June 2021.
- (iii) On 17 September 2020, the Company bought back, for no consideration, 3,081,250 shares previously issued under the ESP in accordance with the terms of the ESP plan.
- (iv) On 13 January 2021, the Company bought back, for no consideration, 2,256,250 shares previously issued under the ESP in accordance with the terms of the ESP plan.
- (v) On 30 July 2021, the Company bought back, for no consideration, 6,250,000 shares previously issued under the ESP in accordance with the terms of the ESP plan.
- (vi) On 1 November 2021, the Company bought back, for no consideration, 1,800,000 shares previously issued under the ESP in accordance with the terms of the ESP plan.
- (vii) On 22 December 2021, the Company bought back, for no consideration, 400,000 shares previously issued under the ESP in accordance with the terms of the ESP plan.

## 8. CONTINGENT ASSETS AND LIABILITIES

### *Contingent Liabilities*

The Group, through its wholly owned subsidiary GenGold Resources Burkina (**GRB**), has granted a royalty deed to pay US \$4 per ounce for every ounce of gold produced from the Divole East, Divole West, Nako, Konkaira and Fofora tenements held by Gold Square Resources SASU (**GSR**) up to a maximum of US\$1,000,000.

In September 2021 Arrow announced that it had secured the Tombi-Ouest Minerals Exploration Permit (**Tombi-Ouest**) in Burkina Faso for a total consideration of CFA 70,000,000 (equivalent to approximately AUD \$170,000) (**Consideration**) and a 1% NSR. The Consideration is to be paid via three instalments; the first payment of CFA 20,000,000 of which has been paid in current period; second payment of CFA 20,000,000 due on before the 1 year anniversary of earn-in commencement date; and third payment of CFA 30,000,000 due on before the 2 year anniversary of earn-in commencement date; whereby the second and third payments are contingent on AMD electing to remain a party to the earn-in arrangement at those future dates.

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

## 9. 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 \$581,510 in the year following 31 December 2021 (30 June 2021: \$741,552). Exploration commitments does not include requirements under earn-in arrangements for tenements held by other entities, as the Company is not currently obligated to spend under these arrangements, and further commitment to spend is subject to exploration results, the outcome of which is not certain.

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.

	31 Dec 2021	30 Jun 2021
	\$	\$
Up to 1 year	581,510	741,552
Between 1 and 5 years	223,889	340,632
Later than 5 years	-	-
	<u>805,399</u>	<u>1,082,184</u>

## 10. SHARE-BASED PAYMENTS EXPENSE

### (a) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	31 Dec 2021	31 Dec 2020
	\$	\$
Options	13,846	2,783
Shares	5,615	4,936
	<u>19,461</u>	<u>7,719</u>

### (b) Shares

Relates to securities issued to directors and employees pursuant to the Company's existing shareholder-approved Employee Share Plan (**ESP**). There have been no new shares issued pursuant to the ESP during the period. A total of 8,450,000 shares were bought back during the period for no consideration, in accordance with the ESP.

### (c) Options

During the period, the Company issued the following securities:

- 4,300,000 unlisted options exercisable at 0.9¢ expiring 11 October 2024 to employees pursuant to the shareholder-approved Employee Securities Incentive Plan (**ESIP**) (**ESIP Options**);
- 8,000,000 unlisted options with an exercise price of 0.9¢ expiring 25 November 2024 were issued to Directors (or their nominees) (**Director A Options**); and
- 5,000,000 unlisted options with an exercise price of 1.1¢ expiring 25 November 2025 were issued to Directors (or their nominees) (**Director B Options**).

These securities were valued by applying a Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The following table details the inputs to the valuations for each option class:

	ESIP Options	Director A Options	Director B Options
Dividend yield (%)	Nil	Nil	Nil
Expected volatility (%)	100%	100%	100%
Risk free interest rate (%)	0.58%	0.95%	0.95%
Exercise price (\$)	\$0.009	\$0.009	\$0.011
Marketability discount (%)	Nil	Nil	Nil
Expected life of options (years)	3	3	4
Share price at grant date (\$)	\$0.007	\$0.007	\$0.007
Value per option (\$)	\$0.0040	\$0.0040	\$0.0043

## 11. OPERATING SEGMENTS

The Group operates in two segments, being mineral exploration, and evaluation in Western Australia and Burkina Faso. The Company is domiciled in Australia. Segment revenues are allocated based on the country in which revenue was earned. Segment assets are allocated to the country where the assets are located.

	Australia \$	Burkina Faso \$	Consolidated \$
<b>Six months ended 31 December 2021</b>			
Other income	113,062	-	113,062
Total segment revenue	113,062	-	113,062
Total comprehensive (loss) from continuing operations before tax	(479,803)	(93,423)	(573,226)
<b>As at 31 December 2021</b>			
Segment assets	4,754,009	7,883,882	12,637,891
Total assets of the Group			12,637,891
Segment liabilities	1,261,096	367,606	1,628,702
Total liabilities of the Group			1,628,702
<b>Six months ended 31 December 2020</b>			
Other income	397,950	-	397,950
Total segment revenue	397,950	-	397,950
Total comprehensive (loss) from continuing operations before tax	(143,264)	(144,225)	(287,489)
<b>As at 30 June 2021</b>			
Segment assets	6,531,608	6,768,202	13,299,810
Total assets of the Group			13,299,810
Segment liabilities	1,681,806	66,864	1,748,700
Total liabilities of the Group			1,748,700

## 12. FINANCIAL RISK MANAGEMENT

### Risk management activities

The risk management activities are consistent with those disclosed in the FY21 Annual Report.

### Financial instruments

Financial instruments held by the Group include cash and cash equivalents, trade and other receivables, lease liabilities, trade and other payables, and convertible note liability, the balances of which at 31 December 2021 and 30 June 2021 are shown in the statement of financial position. As at the balance date, their fair values are approximately the same as their carrying values.

### Fair value hierarchy

AASB 13: Fair Value Measurement requires disclosure of fair value measurements by level of the fair value hierarchy, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that is not based on observable market data (unobservable inputs)

The Group's convertible notes embedded derivative component of \$4,601 (30 June 2021: \$4,328) is not traded on an active market. The fair value is based on significant observable inputs (level 2) at the end of the reporting period. These instruments are included in level 2. The significant observable inputs used includes the historical volatility rate, and interest rate.

The fair value of the Group's contingent consideration of \$104,524 (30 June 2021: \$209,047) is measured using management's weighted probability of performance milestones being achieved. These instruments are included in level 2.

## 13. RELATED PARTY AND KEY MANAGEMENT PERSONNEL DISCLOSURES

### *Related party transactions*

As noted in the FY21 Annual Report, the Group disclosed transactions with Mitchell River Group Pty Ltd (a related party of Mr Tabearth) and GenGold Resource Capital Pty Ltd (a related party of Mr McKeith). The relationships remained and transactions continued throughout the period, and there has been no significant change in the nature of these transactions.

### *Key Management Personnel*

The Key Management Personnel (KMP) of the Group comprise all Directors (Executive and Non-Executive) who have authority and responsibility for planning, directing and controlling the activities of the Group. Mr Hugh Bresser was appointed as an Executive Director on 5 July 2021.

There have been no other changes to KMP during the period.

*Remuneration*

Mr Bresser's executive services are provided pursuant to a consultancy agreement between Milagro Ventures Pty Ltd and the Company. Consulting fees pursuant to this agreement are \$264,000 per annum.

There have been no other significant changes to remuneration arrangements with KMP during the period.

*Unlisted Options issued to Directors*

Securities were issued to Directors (or their nominees) as part of remuneration packages during the period, as follows:

<b>Director</b>	<b>Unlisted Options at \$0.009 Expiring 25-Nov-2024</b>	<b>Unlisted Options at \$0.011 Expiring 25-Nov-2025</b>
Mr Frazer Tabcart	1,500,000	-
Mr Howard Golden	2,500,000	2,500,000
Mr Hugh Bresser	2,500,000	2,500,000
Mr Thomas McKeith	1,500,000	-
	8,000,000	5,000,000

**14. SUBSEQUENT EVENTS***Corporate Restructure*

As announced on 28 February 2022, Mr Howard Golden resigned as a Director of the Company. Mr Hugh Bresser, who has been Arrow's Technical Director since 5 July 2021, assumed the role as Managing Director effective 1 March 2022.

No other matters or circumstances have arisen since 31 December 2021 which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

## DIRECTORS' DECLARATION

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

In the opinion of the Directors:

- (a) The financial statements and notes of the Group for the half-year ended 31 December 2021 are in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting, International Financial Reporting Standard, IAS 34 Interim Financial Reporting and the Corporations Regulations 2001, and other mandatory professional reporting requirements.
- (b) Subject to the matters set out in Note 1, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board



Mr Hugh Bresser  
Managing Director

Perth, 3 March 2022

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Arrow Minerals Limited

### **Report on the Condensed Half-Year Financial Report**

#### *Conclusion*

We have reviewed the accompanying half-year financial report of Arrow Minerals Limited ("the company") which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### *Basis for conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### *Material uncertainty related to going concern*

We draw attention to Note 1(c) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

#### *Responsibility of the directors for the financial report*

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

**hlb.com.au**

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*Auditor's responsibility for the review of the financial report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**3 March 2022**



**B G McVeigh**  
**Partner**

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