



ARROW  
MINERALS

*(ABN 49 112 609 846)*

AND CONTROLLED ENTITIES

ANNUAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2022

## CONTENTS

|                                                |    |
|------------------------------------------------|----|
| CORPORATE DIRECTORY                            | 2  |
| DIRECTORS' REPORT                              | 5  |
| AUDITOR'S INDEPENDENCE DECLARATION             | 35 |
| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME | 36 |
| CONSOLIDATED STATEMENT OF FINANCIAL POSITION   | 37 |
| CONSOLIDATED STATEMENT OF CASH FLOWS           | 38 |
| CONSOLIDATED STATEMENT OF CHANGES IN EQUITY    | 39 |
| NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | 40 |
| DIRECTORS' DECLARATION                         | 78 |
| INDEPENDENT AUDITOR'S REPORT                   | 79 |

## CORPORATE DIRECTORY

### DIRECTORS

|                   |                        |
|-------------------|------------------------|
| Dr Frazer Tabeart | 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**)

***Chairman's Letter***

Dear Shareholder,

On behalf of your Directors, I am pleased to present Arrow Minerals Limited's (**Arrow** or the **Company**) (ASX:AMD) Annual Report and Financial Statements for the year ended 2022.

As reported in 2021, the world continued to grapple with the challenges presented by the COVID-19 pandemic and the ensuing logistics supply chain delays and work force shortages. The measures we took to protect our people delivered excellent results and maintained a stable, healthy workforce along with genuine progress on our project portfolio.

Last year I wrote to you about 2021 being a transformative year for the Company, with Arrow entering into several commercial agreements to acquire access to high-quality exploration permits, divesting non-core assets whilst retaining value options, and growing the technical capability of the team.

I'm pleased to report that we have further consolidated and expanded on these theme's, placing the Company in its strongest position for many years with a clear, focussed strategy on high growth projects in West Africa. This has been achieved under the stewardship of Mr Hugh Bresser, our Managing Director, who was formally appointed to the position after the retirement of Howard Golden during the year. We wish Howard well and congratulate Hugh on his appointment.

Arrow has made a conscious decision to focus its entire exploration effort in West Africa and has expanded its portfolio to provide additional geographic and commodity diversity. In addition to the 1,200km<sup>2</sup> of contiguous exploration ground referred to as the Vranso Project in the highly prospective gold-rich Paleoproterozoic Boromo belt in Burkina Faso, we have secured an option over the northern extension of the world class Simandou iron ore province in Guinea. Subject to satisfactory completion of due diligence, Arrow can acquire a 60.5% interest in this project which lies in the province hosting the largest high grade undeveloped iron ore deposits in the world, and one which is about to benefit from significant investment in enabling infrastructure allowing the province to be developed.

Key progress made in West Africa during the year and subsequent to year end can be summarised as follows:

- Consolidation of nine contiguous exploration permits covering the Bromo shear zone in central-west Burkina Faso, providing Arrow access to in excess of 1,300km<sup>2</sup> of fertile gold exploration ground.
- Drilling of nearly 3,500 metres of reverse circulation drilling across three high quality prospects that extended the known mineralisation at Dassa by 1,000 metres, confirmed the results from the historical mineral resource at Guido and highlighted previously unknown mineralisation at the Semapoun Prospect.
- The identification of a highly anomalous Greenfields geochemical anomaly at the Kordie Prospect identified through systematic exploration work to an almost drill ready stage.
- Execution of an option agreement over the Simandou North Iron Project in Guinea where Arrow can earn a 60.5% over two years. With due diligence underway and anticipated to be completed by the middle of October.

To reflect this strong focus on West Africa, all non-core Australian assets have now been divested, including the recently announced sale of our Strickland Cu-Au Project and our residual 10% interest in the Malinda Lithium Project,

both of which raised significant funds for use in furthering our West African exploration portfolio. We retain exposure to upside from the Strickland Copper Gold Project, notably:

- A cash payment of \$1,000,000 upon the identification of an inferred mineral resource containing >500,000oz gold equivalent reported in accordance with JORC.
- A retained 1% NSR royalty in relation to minerals mined on the Strickland Copper Gold Project).

I believe the company is now very well placed to deliver strong news flow and more importantly, significant progress on resource delineation across several commodities in Burkina Faso and Guinea, with both countries being strongly supportive of mining initiatives.

On behalf of the entire Board, I would like to thank you, the Company's shareholders, for your continued support during these trying times, and I look forward to reporting significant progress on our outstanding West African projects during the next 12 months.



Dr Frazer Tabeart

*Non-Executive Chairman*

## DIRECTORS' REPORT

The Directors of Arrow Minerals Limited (**Arrow** or the **Company**) submit their report, together with the consolidated financial statements comprising Arrow and its controlled entities (together the **Group**) for the year ended 30 June 2022.

### INFORMATION ON DIRECTORS

The names and particulars of the Directors of the Company during or since the end of the year are as follows. Directors have been in office since the start of the year to the date of this report unless otherwise stated.

#### Frazer Tabeart

Non-Executive Chairman

#### Experience

Dr Frazer Tabeart is a graduate of the Royal School of Mines with a PhD and Honours in Mining Geology. He has over 30 years' experience in international exploration and mining projects, including 16 years with WMC Resources and 17 years with the Mitchell River Group of Companies. Dr Tabeart is a member of the Australian Institute of Geoscientists and a member of the Society of Economic Geologists.

#### Directorships of listed companies held within the last three years

|                     |                          |
|---------------------|--------------------------|
| Alma Metals Limited | November 2007 to present |
| PolarX Ltd          | July 2017 to present     |

#### Hugh Bresser

Managing Director (*Appointed Executive Director on 5 July 2021, transitioned to role of Managing Director 1 March 2022*)

#### Experience

Mr Bresser was appointed as Executive Director on 5 July 2021 in the role of Technical Director, transitioning to the role of Managing Director effective 1 March 2022. He has a career in exploration spanning more than 25 years. He has served in executive roles with Billiton, BHP Billiton and Birimian Ltd and has previously held board positions in several listed companies. Mr Bresser has significant experience in mineral exploration, executive management, mergers and acquisitions, governance, government and community relations in the global resources industry. He holds a BSc (Hons – First Class) in geology from James Cook University and an MBA from Melbourne Business School, Mt Eliza. Mr Bresser is a Member of the AusIMM and AIG.

#### Directorships of listed companies held within the last three years

None

**Thomas McKeith**

Non-Executive Director

## Experience

Mr McKeith is a geologist with over 30 years' experience in exploration, development and mining. He was formerly Head of Growth for Gold Fields Ltd and CEO of Troy Resources. Thomas led teams that discovered and developed several significant discoveries (near mine and greenfields) in Australia, Mali, Ghana, Peru and Chile. He has been instrumental in several major operating mine and resource project acquisitions in Australia, Canada, Brazil, Venezuela and Burkina Faso. He is also a Fellow of the Australian Institute of Mining and Metallurgy.

 Directorships of listed  
companies held within the last  
three years

|                          |                             |
|--------------------------|-----------------------------|
| Evolution Mining Limited | February 2014 to present    |
| Genesis Minerals Limited | November 2018 to present    |
| Prodigy Gold NL          | June 2016 to September 2021 |

**Howard Golden**Managing Director *(Resigned 28 February 2022)*

## Experience

Mr Golden is geophysicist with over 35 years' experience in exploration across six continents, including significant operating experience throughout West Africa. He has held senior roles with Nordgold, Rio Tinto, BHP and WMC, including discovery teams at Syama, Oyu Tolgoi, Agbaou and West Musgrave deposits.

Mr Golden is a member of numerous Australian and international professional organisations and is a Registered Professional Geoscientist. He holds qualifications from the University of Utah (BA) and the University of Leeds (MSc).

 Directorships of listed  
companies held within the last  
three years

|                                 |                      |
|---------------------------------|----------------------|
| NV Gold Corporation (TSX.V:NVX) | June 2021 to present |
|---------------------------------|----------------------|

**JOINT COMPANY SECRETARY**

Ms Catherine Grant-Edwards (Chartered Accountant (CA)) and Ms Melissa Chapman (Certified Practicing Accountant (CPA), AGIA/ACIS, GAICD) are directors of Bellatrix Corporate Pty Ltd (**Bellatrix**), a company that provides company secretarial and accounting services to a number of ASX listed companies. Between them, Ms Chapman and Ms Grant-Edwards have over 30 years experience in the provision of accounting, finance and company secretarial services to public listed resource and private companies in Australia and the UK, and in the field of public practice external audit.

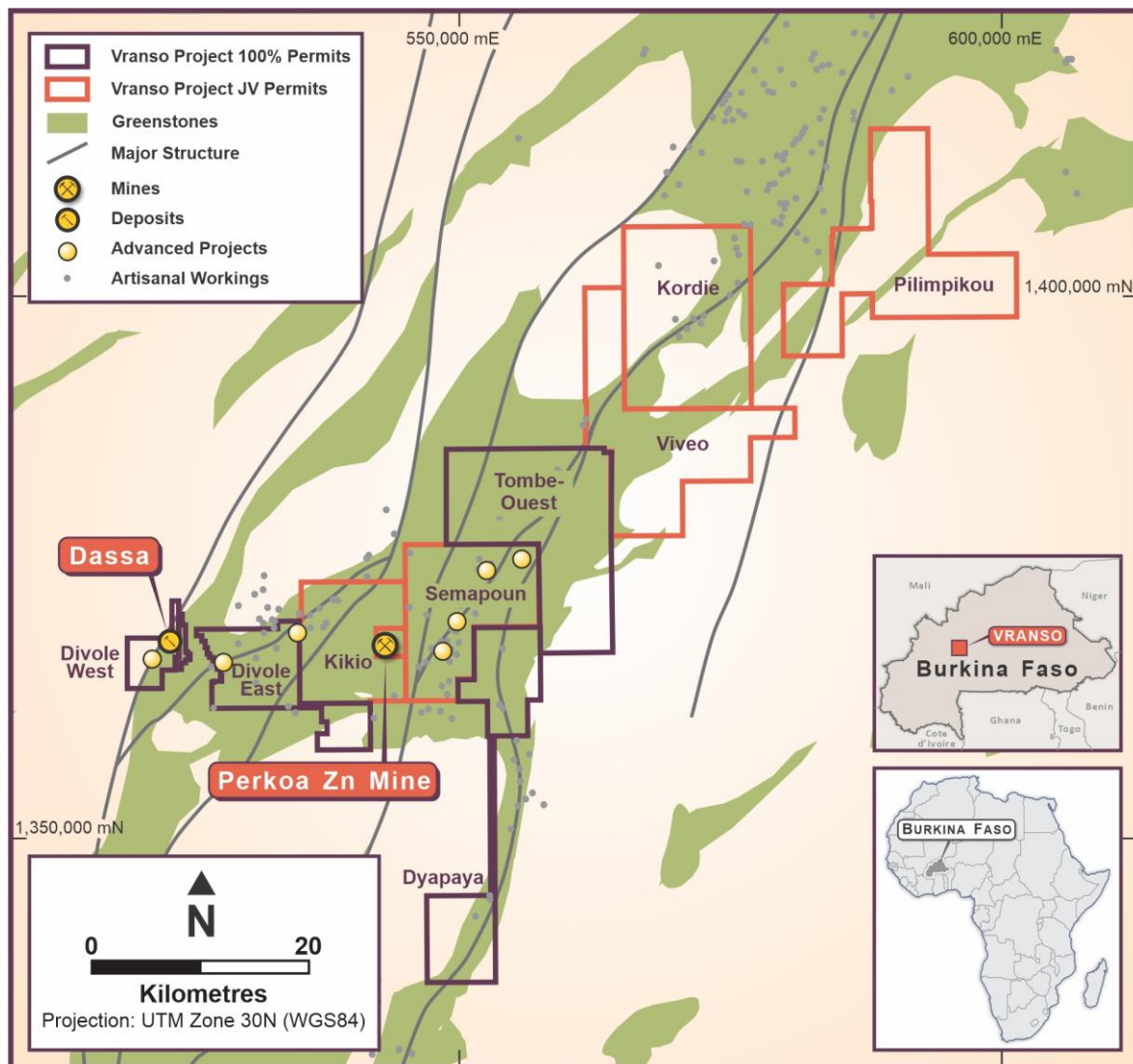
**REVIEW OF OPERATIONS****Summary**

Arrow Minerals Limited executed a strategic repositioning throughout the year designed to deliver long-term value to shareholders through the discovery and development of economic mineral deposits in West Africa. This strategy resulted in the consolidation of the Vranso Gold Project in Burkina Faso and divestment of the Malinda Lithium Project in Australia. Additionally, subsequent to year end (**Subsequent Events**) the Company secured an option to acquire a 60.5% interest in the Simandou North Iron Project in Guinea and divested the Strickland Copper Gold Project in Australia.

## BURKINA FASO

### Vranso Gold Project

Arrow Minerals consolidated the Vranso Gold Project land position through a formal Exploration Joint Venture Agreement with Trevali Mining Corporation (TSX:TV) incorporating eight exploration permits – Kikio, Kordie, Pilimpikou, Semapoun, and Viveo (100% Trevali); and Divole East, Divole West and Dyapaya (100% Arrow) in August 2021 and a purchase agreement for the Tombe-Ouest exploration permit in September 2021. The Vranso Gold Project, located 100km west of the capital of Burkina Faso, Ouagadougou, now includes nine semi-contiguous exploration permits extending uninterrupted for over 80 kilometres along the main NE-SW trending Boromo shear zone for the total area in excess of 1,300km<sup>2</sup> of fertile gold exploration ground (**Figure 1**).



**Figure 1. Vranso Gold Project exploration permits in Burkina Faso.**

A major exploration programme on the Vranso Gold Project was conducted from November 2021 through to April 2022. The program included Reverse Circulation Drilling (RC), Auger, Soil and Stream sediment geochemical sampling, and detailed geological mapping.

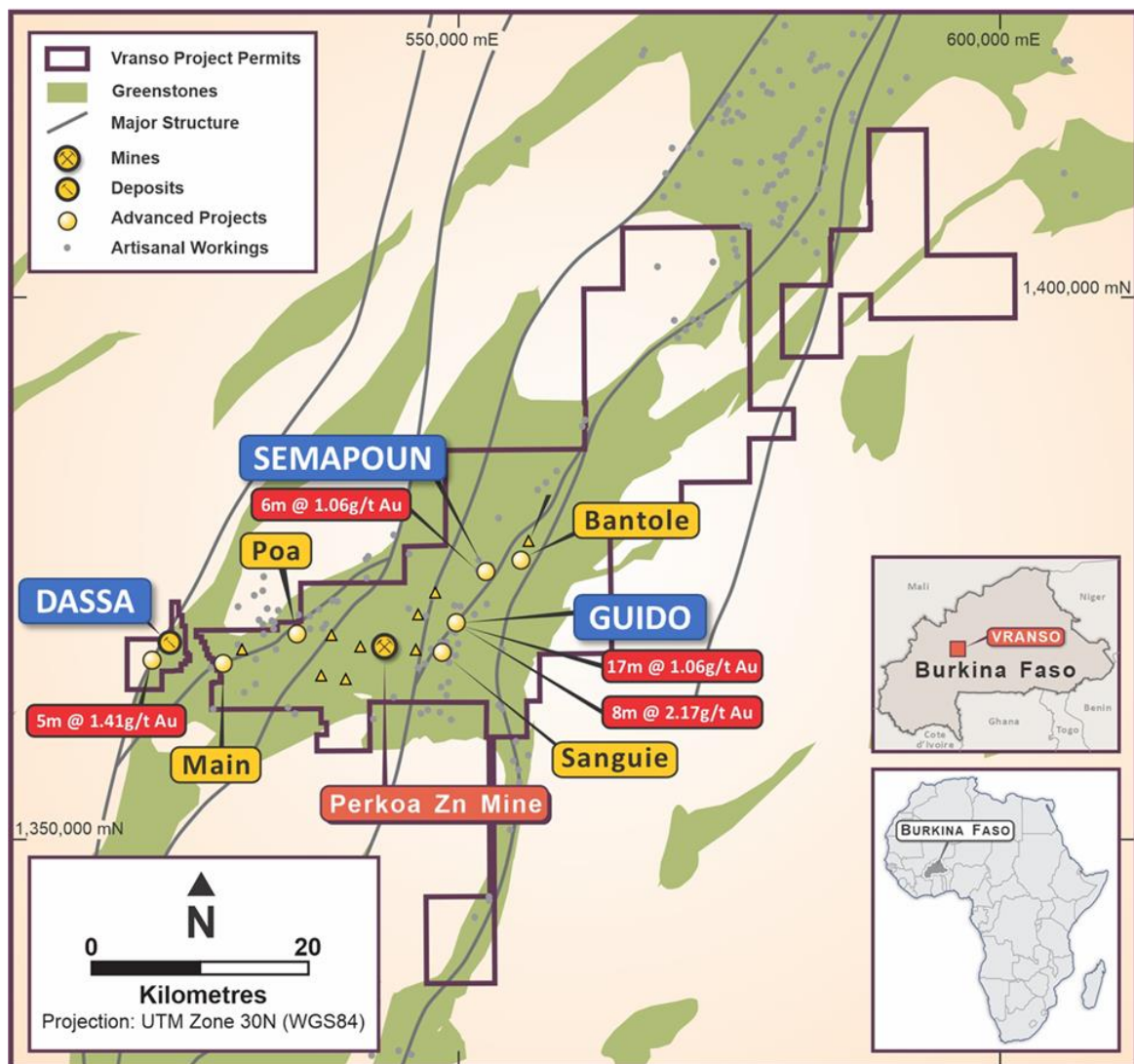
Reverse Circulation drilling was conducted on the Guido, Semapoun and Dassa Prospects. A total of 35 holes were drilled for 3,472m. The drilling was designed to replicate the historical drill results obtained at the Guido Prospect, Semapoun Prospect and extend the mineralisation previously identified at the Dassa Prospect.

## Reverse Circulation Drilling (RC)

### Guido Prospect

A total of 19 RC holes (2,288m) drilled at the Guido Prospect confirmed historical results and intersected near-surface gold mineralisation hosted by two NNE-SSW trending structures extending over 3 km of strike.

- Significant gold mineralisation interceptions included:
  - 1.06 g/t Au over 17m from 21 metres (GUD\_RC\_21\_001)
  - 2.17 g/t Au over 8m from 83 metres (GUD\_RC\_21\_010)
  - 0.92 g/t Au over 11m from 145 metres (GUD\_RC\_21\_011)



**Figure 2. RC drilling significant intercepts from the Guido, Semapoun and Dassa Prospects on the Vranso Gold Project.**

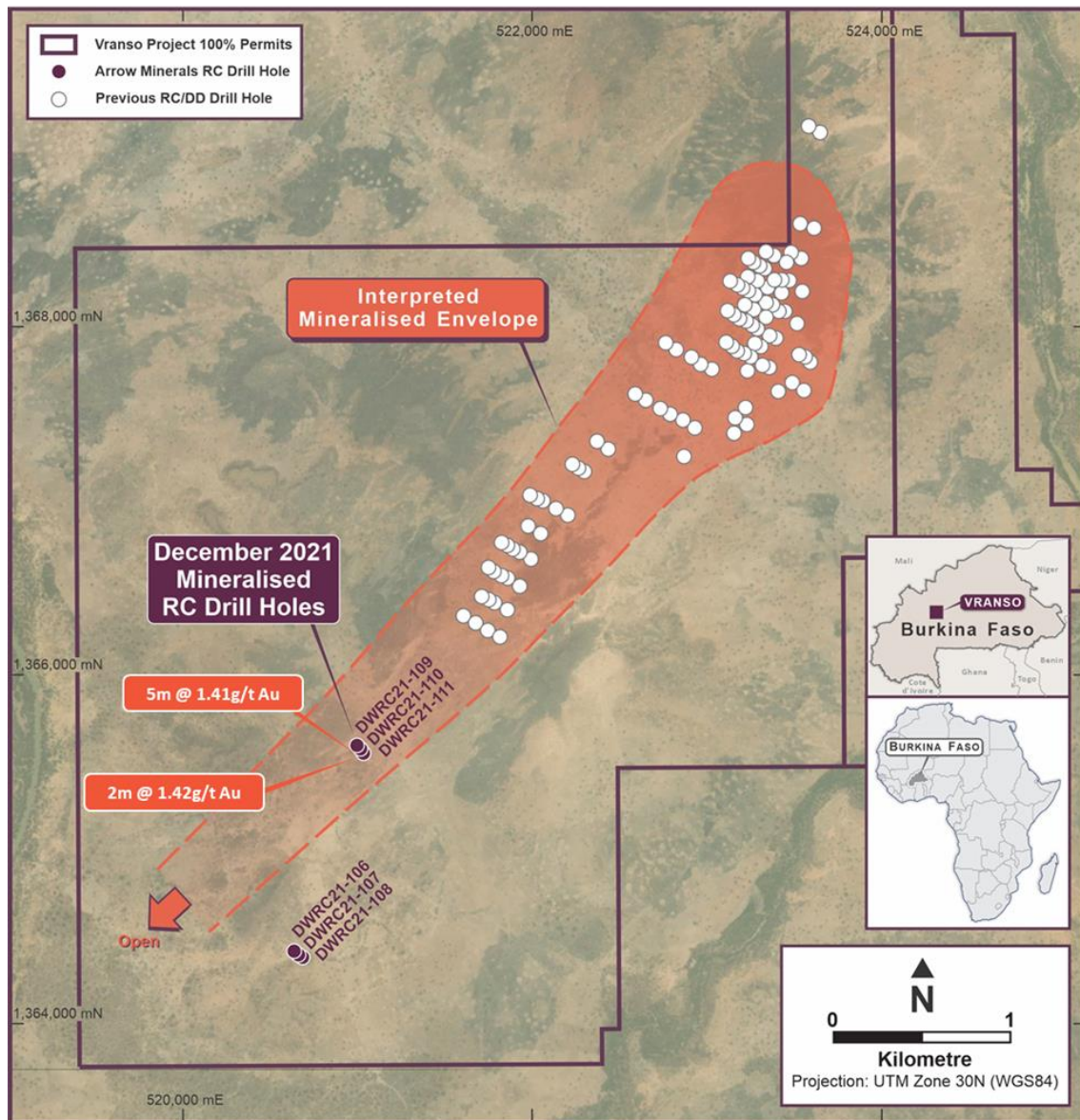
The Guido Prospect, shown in **Figure 2**, lies 7km north-east of the Perkoa Zinc Mine processing facility and is accessible by an all-weather sealed road. Blackthorn Resources Ltd initially identified and drilled the Guido gold deposit in 2010, reporting a maiden inferred Mineral Resource of 4.1 Mt at 1.06g/t Au at a 0.4g/t Au cut off (139,000 oz Au).

### Semapoun Prospect

The Semapoun Prospect (**Figure 2**) lies 3km along strike from the Guido deposit within the structural corridor defined by the main Boromo Shear Zone. Historical RAB and RC drilling targeting locally interpreted structural corridors at Semapoun intersected several thick high-grade gold zones including significant gold intersections in three RC drillholes spaced over 500m apart. As part of the 2022 exploration program Arrow conducted surface geochemical sampling and geological structural mapping based on artisanal workings in the area. A total of 10 RC holes (760m) were completed by Arrow to test the gold mineralisation along the geological contact between the granodiorite and the surrounding sediments. The best result reported 1.06 g/t Au over 6m from 31 metres.

### Divole West Permit - Dassa Deposit

Arrow discovered the Dassa Deposit in 2020, (**Figure 2**). It features two higher grade zones of gold mineralisation, both of which are shallow, consistent, and mostly in the shallow oxide zone. The Dassa North and Dassa South mineralised zones extend over 1,000m and 600m respectively, and are both open along strike and at depth.

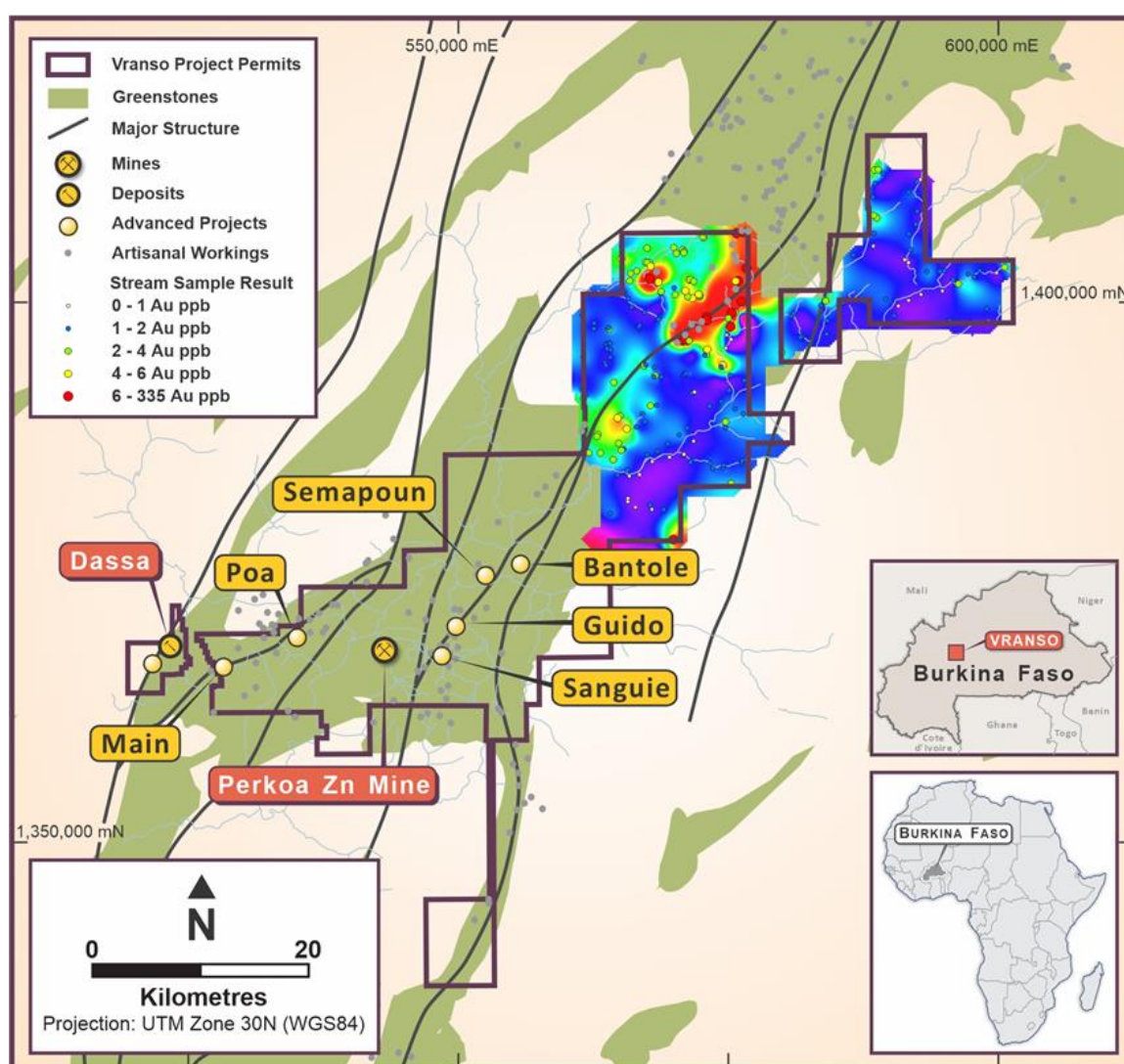


**Figure 3. Interpreted mineralised envelope at the Dassa Prospect that remains open to the South and East.**

Drilling during 2022 successfully targeted the previously untested southern extension of the main mineralised structure with six RC holes (424m). The results of this drilling extended the interpreted strike of the known shallow oxide mineralised system to more than 4km (**Figure 3**). Three holes, DW\_RC\_21\_109, 110 and 111, successfully extended the known mineralised system by 1km confirming the continuation of the Dassa gold system. Hole DW\_RC\_21\_110 intersected 1.41g/t Au over 5m from 59 metres.

### **Stream Geochemistry Survey**

Arrow applied modern gold exploration techniques over the northern exploration permits of the Vranso Project for the first time in the search for an extensive gold mineralised system in this greenfield area. A total of 220 stream sediment samples, covering a 580km<sup>2</sup> area, were collected from the drainage systems throughout the region. Analytical results from this survey identified a 50km<sup>2</sup> area containing drainage systems shedding anomalous gold coincident with known regional gold mineralised structures (**Figure 4**).



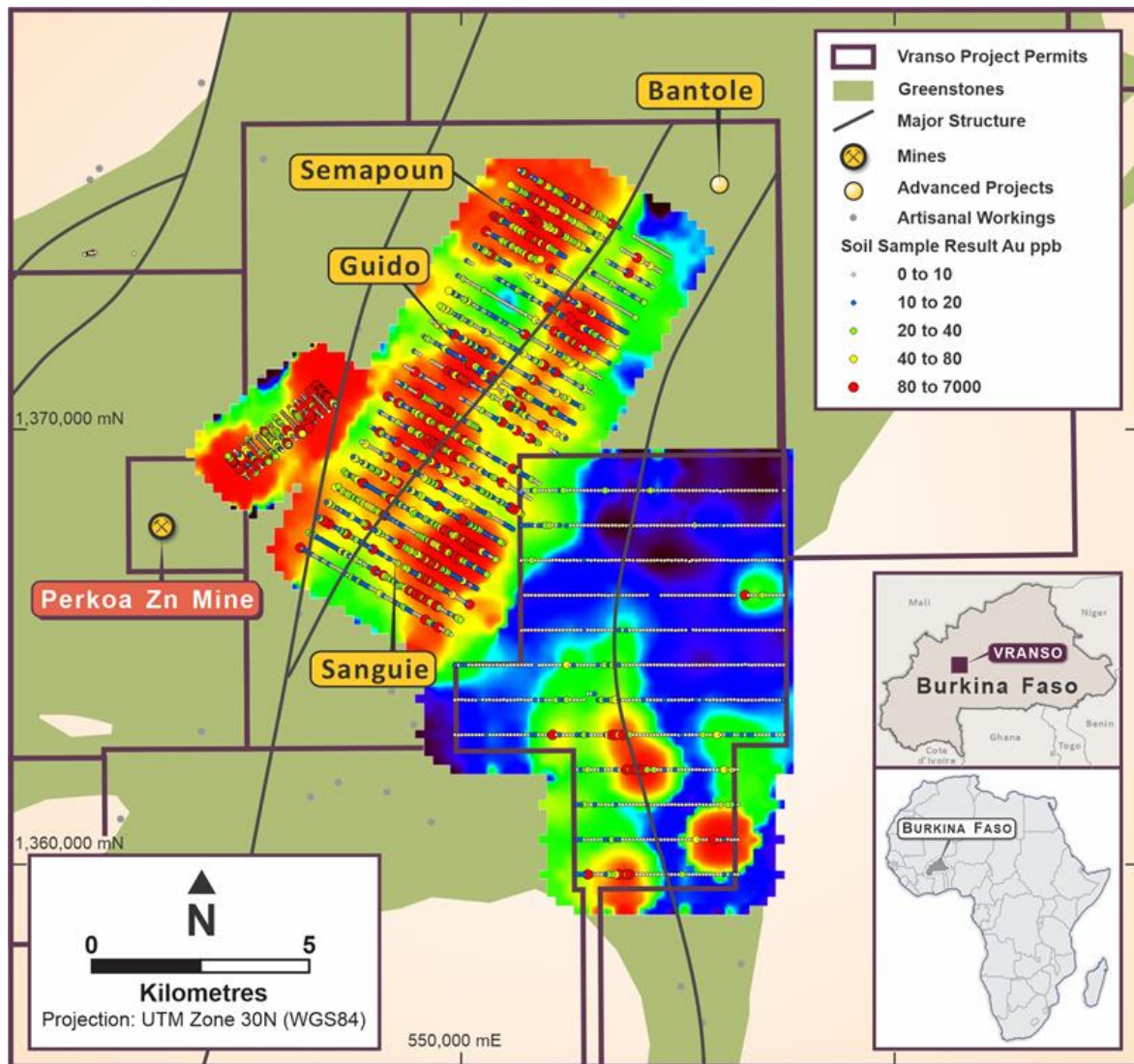
**Figure 4. Stream sediment geochemical assay results highlighting anomalous drainages and NE-SW trending structure**

### **Soil Geochemistry Programme**

Arrow continued its systematic science driven exploration programme in 2022, applying grid soil geochemical sampling to the 50km<sup>2</sup> stream sediment anomaly and along the 10km Sanguie-Semapoun structural corridor surrounding the Guido Prospect to better define targets for future drilling. In total, 3,299 soil geochemical samples were collected.

### Sanguie Semapoun Structural Corridor

Geological mapping conducted by Arrow on the Sanguie-Semapoun structural corridor identified a number of sub parallel mineralised vein sets in addition to the already identified gold deposit at Guido. To advance the potential drill targets in the area Arrow undertook a detailed soil sampling program over the Sanguie-Semapoun structural corridor on 400m spaced lines and 50m centres. A total of 2,032 sites were sampled and analysed for gold by fire assay. The results highlighted and confirmed that the Sanguie-Semapoun structural corridor contains multiple sub-parallel gold mineralised structures (*Figure 5*).



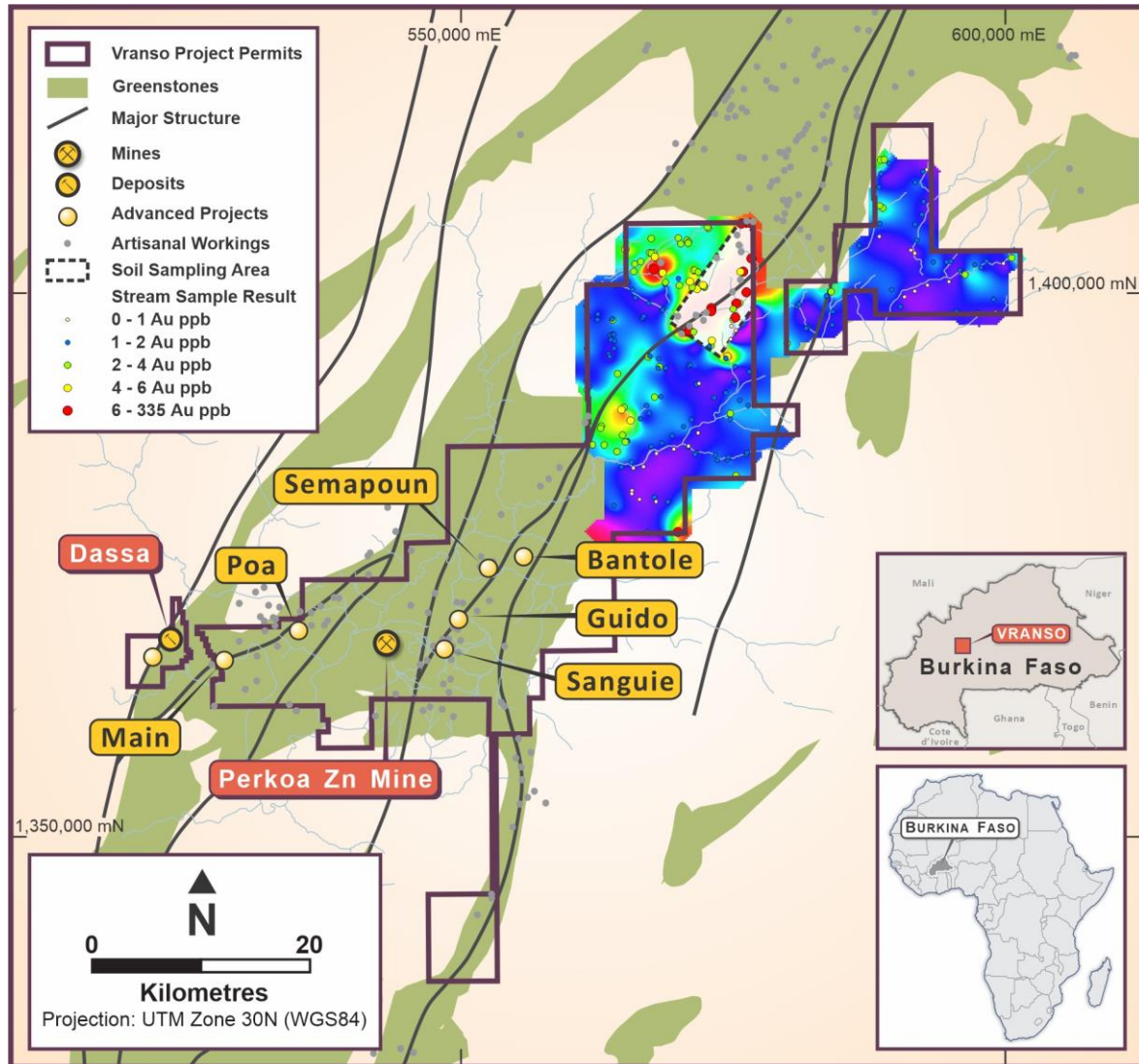
**Figure 5. Soil geochemical gold assay results highlighting anomalous gold bearing structures.**

Drilling has only been undertaken on two of these sub-parallel systems, Guido and Semapoun, successfully identifying the occurrence of gold mineralisation at both prospects. Arrow confirmed five new sub-parallel systems, all extending for more than 2km of strike-length, all of which remain to be drill tested.

### Kordie Prospect

Stream sediment geochemical sampling by Arrow identified a 50km<sup>2</sup> area of elevated gold in numerous drainage systems along a regional NW-SE trending structure in the northern portion of the Vranso Project. Arrow conducted systematic broad spaced grid geochemical sampling follow-up on 800m spaced lines and 50m centres across a large portion of the area (*Figure 6*). This first

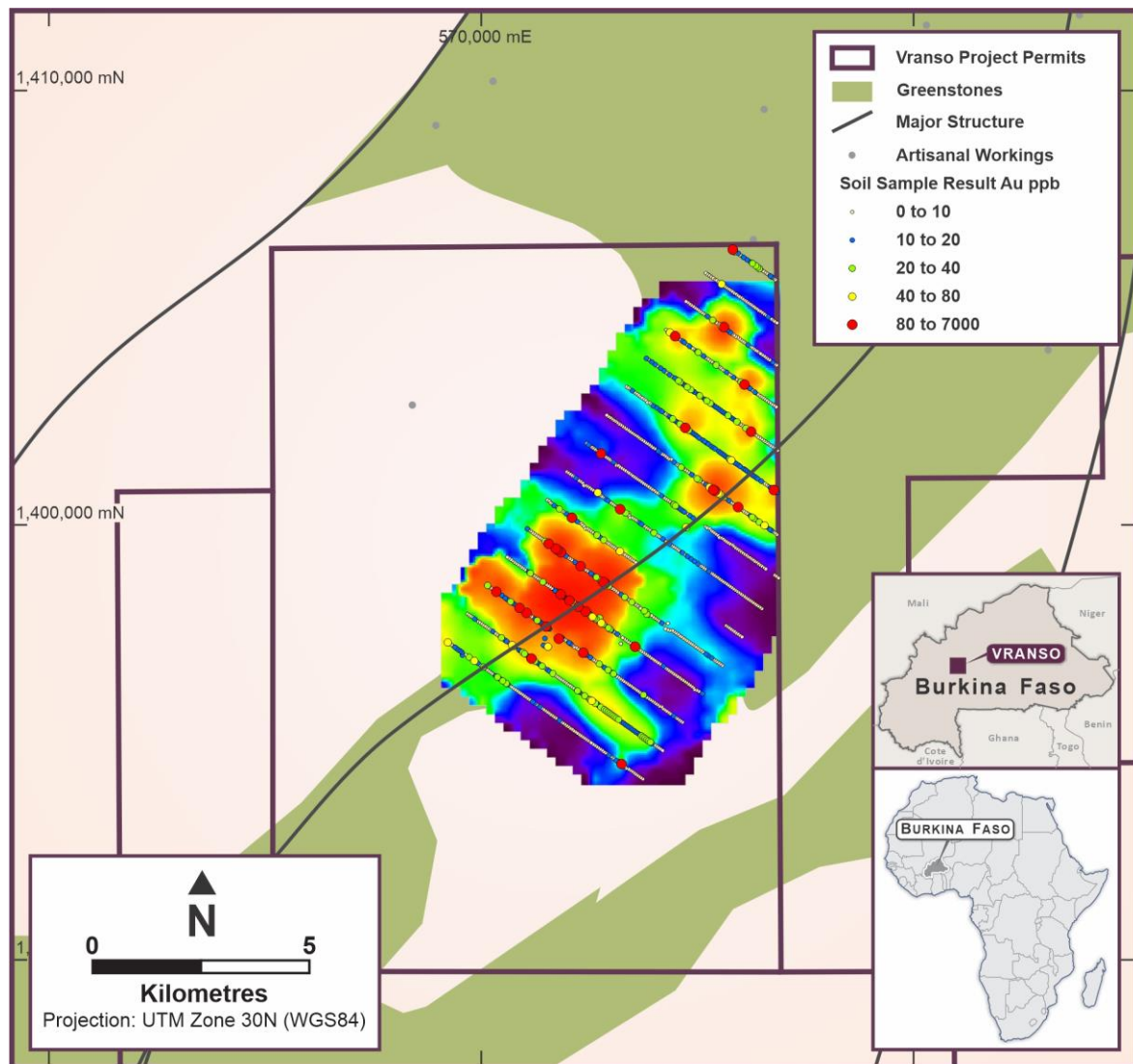
pass was designed to evaluate an area where no previous exploration work has been conducted, and comprised 1,267 samples which were analysed for gold by fire assay.



**Figure 6. Kordie Prospect soil sampling area (white) over portion of gold anomalous stream sediment geochemical survey.**

The results of this reconnaissance soil geochemistry program have confirmed the presence of in situ gold anomalism; the main **southern zone extending 2km** with a northeast orientation and assay results consistently above **80ppb Au**, and a second anomaly extending for **approximately 5km** in a north-south direction, defined by results greater than **20ppb Au** (**Figure 7**).

Arrow considers these results reinforce the potential for the Kordie Prospect to host an extensive gold mineralised system in a greenfields area that provides the Company with a high-quality first mover opportunity.



*Figure 7. Soil geochemical gold assay results highlighting two anomalous gold bearing structures.*

#### **Houde South Joint Venture (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.

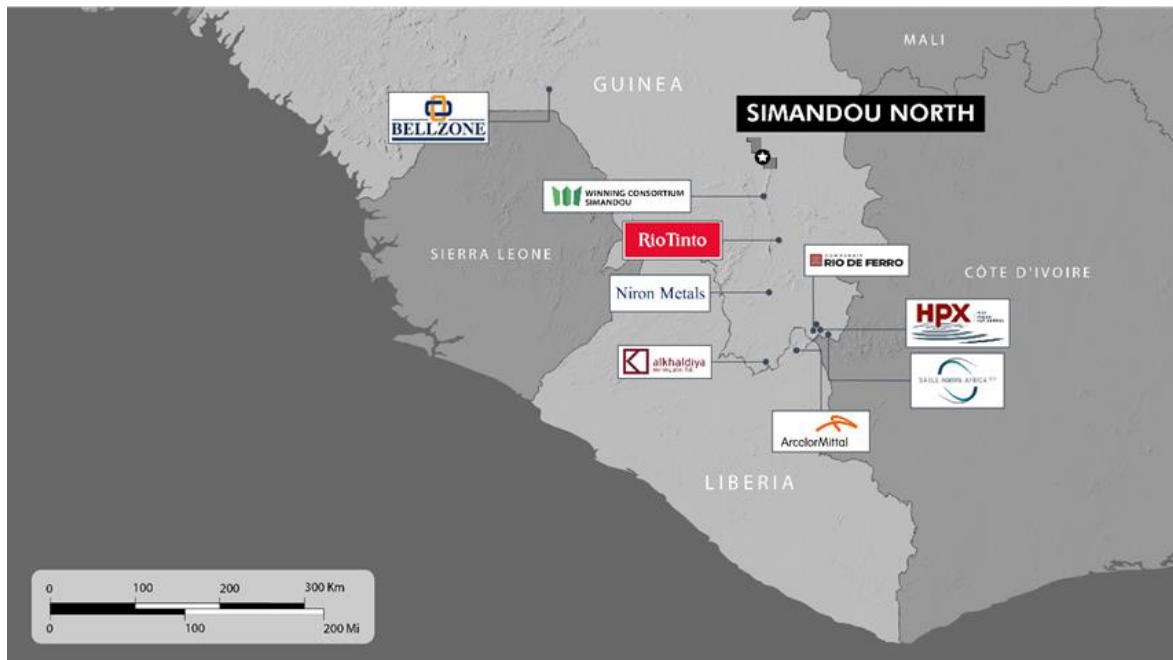
### **GUINEA**

#### **Simandou North Iron Project**

On 13 July 2022 Arrow announced the Company had executed a non-binding term sheet to acquire up to a 60.5% controlling interest in Amalgamated Minerals Pte. Ltd. (Amalgamated), a private Singaporean registered company which holds a 100% interest in the Simandou North Iron Project in Guinea, West Africa (refer 'Subsequent Events' for further details of the Proposed Transaction).

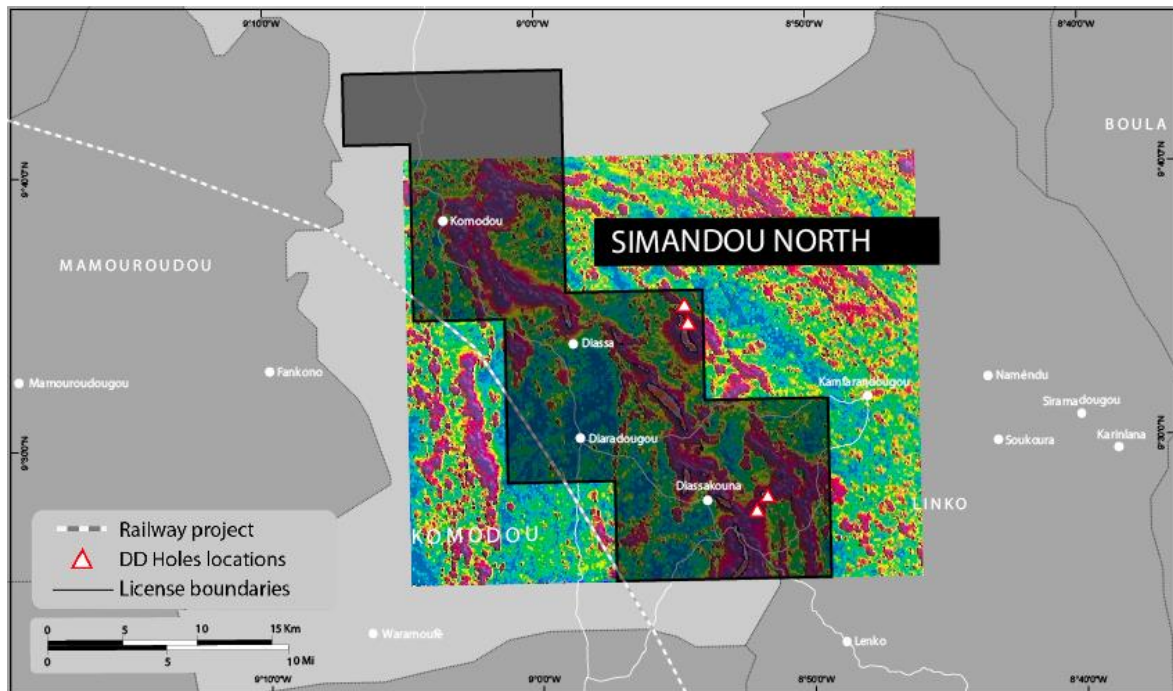
The Simandou North Iron Project (**Figure 8**) consists of exploration permit 22967 which lies at the northern end of the Simandou Range and forms an extension of the stratigraphy that hosts one of the largest undeveloped high-grade iron deposits in the

world, including Rio Tinto's Simandou Project with a total measured, indicated and inferred mineral resource estimate of 2 billion tonnes grading 65.5% iron (Rio Tinto Annual Report 2021). This is an exceptional early-stage opportunity that provides Arrow with access to the premium iron belt in West Africa at a time where significant infrastructural improvements are underway.



**Figure 8. Location map of Guinean Iron Ore Projects including the Simandou North Project**

Historical exploration undertaken in the wider area by BSGR and Vale through the early to mid 2000's, including airborne magnetic geophysical surveys, geological mapping and completion of 4 diamond drill holes (157m) confirmed the continuation of the iron hosting Simandou Group stratigraphy into the Simandou North permit (**Figure 9**).



**Figure 9. Simandou North Permit map showing airborne magnetic geophysical image and historical drillhole locations within interpreted Simandou Group stratigraphy and proposed rail line route (Datum WGS84-29N).**

The signing of a framework agreement on 25 March 2022 by the government of Guinea with Rio Tinto and Winning Consortium Simandou for a \$US12bn investment, which included the construction of shared purpose railway from Beyla to Forécariah and a deep-water port at Moribayah, Forécariah and the subsequent creation of the joint venture company La Compagnie du TransGuineen, opens the way for Arrow to potentially establish itself as a major West African iron ore mining company.

## **AUSTRALIA**

### **Strickland Copper Gold Project, Western Australia**

Aligned with Arrow's new strategic decision to deliver long-term value to shareholders through the discovery and development of economic mineral deposits in West Africa, Arrow announced the divestment of the Strickland Copper Gold Project (**Figure 10**) on 13 July 2022 (**Subsequent Events**).

In July 2021 Arrow received the results from combined exploration programs of reverse circulation (RC) drilling and downhole electromagnetic (DHEM) geophysical surveys to identify the presence of sulphides related to a mineralised VHMS system, both within and proximal to the drillholes.

The best assay result was from drill hole, STKV009, which highlighted a zone of elevated copper, 20m at 0.22% Cu, from 120m downhole. The anomalous copper zone is close to the modelled DHEM conductor.



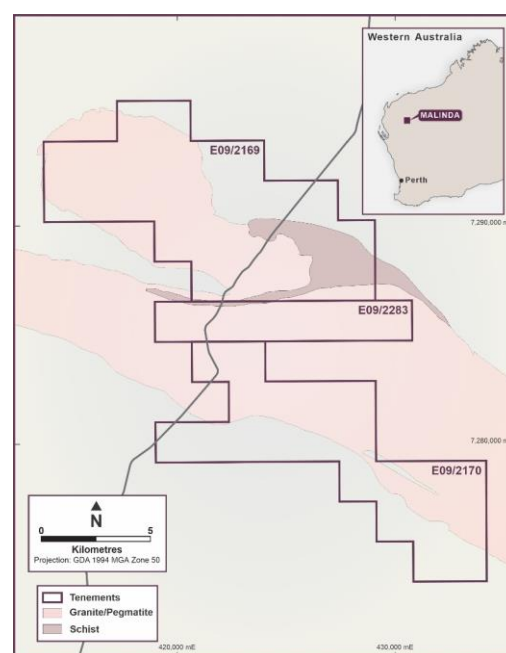
**Figure 10: Location map of Strickland project, Western Australia.**

### **Malinda Lithium Project, Western Australia**

On 17 March 2022 Arrow announced the renegotiation of commercial terms with Electrostate Pty Ltd (**Electrostate**), under which Electrostate purchased 90% of Arrow (Malinda) Pty Ltd, the holding company of the Malinda Lithium Project in Western Australia (**Figure 11**).

The Malinda tenements sit within a south-east trending belt in the Gascoyne Province of the Capricorn Orogen. This area is well endowed with pegmatite-associated minerals, with historical workings recording the presence of highly anomalous lithium and tantalum.

Arrow further announced the divestment of its residual 10% interest on 8 August 2022 (**Subsequent Events**), and no longer has an interest in this Project.



**Figure 11. Location map of the Malinda Project (E09/2169, E09/2283, E09/2170).**

## 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 year:

### Malinda Lithium Project

Arrow announced on 23 August 2021 that 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 consisting of three exploration tenements, E09/2169, E09/2170 and E09/2283 in the Gascoyne region of north-western WA. The agreement provided for Electrostate to perform exploration activities on the tenements over an eighteen-month period in addition to cash payments to Arrow. In respect of this earn-in arrangement, the Company received a total of \$112,967 (consisting of \$60,000 cash consideration and \$52,967 for reimbursement of exploration expenditure).

On 17 March 2022 Arrow announced that it had renegotiated commercial terms with Electrostate. Under the new terms Arrow and Electrostate entered into a Share Sale Agreement (**SSA**) and associated Shareholders' Agreement, pursuant to which Electrostate would purchase a 90% equity interest in Arrow (Malinda) Pty Ltd and Arrow would retain a 10% non-diluting free-carried interest through to a decision to mine. Total cash consideration for the transaction, which completed on 6 April 2022, was \$500,000. As referred to in Subsequent Events, Arrow further announced the divestment of its residual 10% interest on 8 August 2022.

### Board Changes

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

During the year the Company completed a corporate restructure. Effective 28 February 2022, Mr Howard Golden stepped down from the Board and Mr Hugh Bresser transitioned to the role of Managing Director effective from 1 March 2022.

### Employee Securities Incentive Plan

On 25 October 2021, the Company issued 4,300,000 unlisted options exercisable at \$0.009 expiring 11 October 2024 to employees pursuant to the Employee Securities Incentive Plan (**ESIP**). The ESIP was approved by shareholders on 11 November 2019.

### 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 year ended 30 June 2022 is summarised as follows:

## Shares

There were no new shares issued during year.

During the year, 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).

## Convertible Notes

There were no movements in Convertible Notes during the year.

## Unlisted Options

During the year the Company issued the following unlisted options:

- 4,300,000 unlisted options exercisable at \$0.009 expiring 11 October 2024 to employees pursuant to the ESIP;
- 8,000,000 unlisted options with an exercise price of \$0.009 expiring 25 November 2024 were issued to Directors (or their nominees); and
- 5,000,000 unlisted options with an exercise price of \$0.011 expiring 25 November 2025 were issued to Directors (or their nominees).

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

## Performance Rights

There were no movements in performance rights during the year.

## Securities on Issue at 30 June 2022

### *Quoted Securities*

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

### *Unquoted Securities*

|                                                                                                  |             |
|--------------------------------------------------------------------------------------------------|-------------|
| Options exercisable at \$0.020 on or before 22/08/2022                                           | 120,150,000 |
| Options exercisable at \$0.0145 on or before 22/08/2023                                          | 37,500,000  |
| Options exercisable at \$0.0125 on or before 15/10/2022                                          | 10,000,000  |
| Options exercisable at \$0.001 on or before 11/12/2023 <sup>2</sup>                              | 2,850,000   |
| Options exercisable at \$0.009 on or before 11/10/2024 <sup>2</sup>                              | 4,300,000   |
| Options exercisable at \$0.009 on or before 25/11/2024                                           | 8,000,000   |
| Options exercisable at \$0.011 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

## PRINCIPAL ACTIVITIES

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

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no changes in the state of affairs of the Group other than those disclosed in the review of operations.

## RESULTS OF OPERATIONS

The net loss after tax for the year ended 30 June 2022 was \$3,457,696 (2021: Loss of \$2,678,461).

## SUMMARY OF FINANCIAL POSITION

At 30 June 2022, the Group's cash reserves were \$271,819 (2021: \$3,283,858). The overall decrease in cash is mainly attributable to outflows from operating activities of \$1,300,840 (2021: \$1,382,996), exploration expenditure of \$2,085,236 (2021: \$1,997,126), and inflows from other investing activities of \$612,967 (2021: 759,155). There were no cash inflows from financing activities during the year (2021: \$4,823,821 gross inflows from fund raising activities). Net assets of the Group at 30 June 2022 were \$8,194,038 (2021: \$11,551,110).

## ENVIRONMENTAL ISSUES

The Group 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

Arrow's strategic focus is to deliver long-term value to shareholders through the discovery and development of economic mineral deposits in West Africa. Arrow will continue to advance the Vranso Project in Burkina Faso toward resource definition whilst seeking additional growth opportunities in the region. The Group continues to review new project venture opportunities which are consistent with its strategy of discovering economic mineral deposits. The Company continues to implement its strategy to divest its non-core Australian assets.

Refer 'Subsequent Events' which highlights the successful implementation of the Company's strategic plan.

## SUBSEQUENT EVENTS

### Non-Brokered Private Placement of \$350,000

On 13 July 2022, the Company announced it had received commitments as part of a non-brokered private placement to qualified sophisticated and professional investors to raise \$350,000 via the issue of 58,333,334 shares in the Company at an issue price of \$0.006 per share (**Placement**).

### Divestment of Strickland Copper Gold Project, WA

On 13 July 2022, the Company announced that it has executed a tenement sale and purchase agreement (via its subsidiary) with Dreadnought Resources Ltd (ASX:DRE) (**Dreadnought**) by which Dreadnought will acquire a 100% interest in the Strickland Copper Gold Project (comprising E16/495, E30/493, E30/494, E77/2403, E77/2416, E77/2432, E77/2634) in Western Australia. Settlement of this transaction occurred on 1 August 2022.

Pursuant to the terms of the agreement:

- Arrow received \$20,000 cash payment upon signing of the agreement;

- Arrow received \$280,000 cash payment at settlement;
- Dreadnought issued Arrow 2,350,000 fully paid ordinary shares in Dreadnought at settlement (escrowed until 31 January 2023);
- Arrow will receive a further cash payment of \$300,000 by 30 November 2022;
- On the identification and reporting of JORC compliant inferred mineral resource of >500,000oz gold equivalent Dreadnought will pay Arrow \$1,000,000 cash; and
- Arrow will retain a total 1% Net Smelter Return royalty in relation to minerals mined by or on behalf of Dreadnought on the Strickland Copper Gold Project.

#### **Non-Binding Term Sheet to Acquire 60.5% in the Simandou North Iron Project**

On 13 July 2022, the Company announced that it has executed a non-binding term sheet to acquire up to a 60.5% controlling interest in Amalgamated Minerals Pte. Ltd. (**Amalgamated**), a private Singaporean registered company, which holds a 100% interest in the Simandou North Iron Project in Guinea, West Africa (**Proposed Transaction**).

It should be noted that the current agreement is in the form of a non-binding term sheet. Whilst the parties have entered into this non-binding term sheet willingly and in good faith, there are no guarantees final definitive agreements will be executed or that the Proposed Transaction will proceed.

The key commercial terms upon which Arrow will look to acquire up to a 60.5% interest in Amalgamated under the Proposed Transaction are outlined as follows:

- Arrow to issue 81,250,000 fully paid ordinary Arrow shares for three-month exclusivity option to acquire up to a 60.5% interest in the Simandou North Project through Amalgamated (**Exclusivity Consideration Shares**);
- Subject to satisfactory due diligence and certain conditions precedent, including Arrow obtaining all necessary shareholder approvals, Arrow may purchase a 33.3% interest in Amalgamated from Ropa Investments (Gibraltar) Limited for 500,000,000 fully paid ordinary Arrow shares (**Stage 1**);
- Arrow will look to provide, by way of an unsecured, interest-free shareholder loan, \$2.5 million of exploration expenditure funding for the Simandou North Iron Project within 24 months from Stage 1 completion (**Expenditure Commitment**), which will be repayable in cash by Amalgamated on or before the date that is 15 years after the date on which any part of the loan is first advanced to Amalgamated or such other date as agreed between Arrow and Amalgamated (**Loan**). The Loan will not be convertible into additional shares in Amalgamated;
- If the Expenditure Commitment is satisfied by Arrow and subject to certain conditions precedent, including Arrow obtaining all necessary shareholder approvals, Arrow may purchase a further 27.2% interest in Amalgamated for \$1,000,000, either through the issue of Arrow shares based on a 10-day VWAP or cash, at the sole discretion of Arrow, to receive a controlling 60.5% interest in Amalgamated (**Stage 2**); and
- Arrow and the other Amalgamated shareholders will enter into a shareholders deed to govern, amongst other things, the terms on which future exploration on the Simandou North Iron Project may be progressed and funded.

If Arrow decides to proceed with the Proposed Transaction following its successful and satisfactory completion of the due diligence investigations of Amalgamated and the Simandou North Iron Project, and having entered into definitive binding agreements, Arrow may need to raise additional capital to provide the \$2.5 million Expenditure Commitment and associated Loan. Arrow anticipates that such capital raise will be undertaken in late October 2022 either via an equity placement to professional or sophisticated investors (to which shareholder approval under Listing Rule 7.1 will be sought) or via a shareholder supported rights issue, in both cases and subject to market conditions, at an anticipated issue price of at least \$0.006 per share, being the same issue price as the Placement (**Capital Raise**). Subject to all applicable laws (including any necessary shareholder approvals), existing Amalgamated shareholder Ropa Investments (Gibraltar) Limited, may potentially look to underwrite the Capital Raise.

Arrow engaged the services of CH-Qorum GmbH (an unrelated party) (**Facilitator**) to introduce and engage Amalgamated in relation to the Simandou North Project and act as an exclusive facilitator to Arrow in connection with the proposed transaction. For purposes of facilitating an introduction to Amalgamated and assisting in securing a successful transaction and investment by Arrow in the Simandou North Project, the Facilitator was entitled to be issued 81,250,000 fully paid ordinary shares in Arrow (**Facilitator Fee Shares**).

#### **Sale of remaining 10% interest in Malinda Lithium Project, WA**

On 8 August 2022 the Company announced that it had entered into a Share Sale Agreement with Electrostate for the sale of Arrow's remaining 10% equity interest in Arrow (Malinda) Pty Ltd, the holding company of the Malinda Lithium Project in Western Australia. The total cash consideration for the sale was A\$700,000, which was received upon completion of the transaction on 8 August 2022.

#### **Shares**

A total of 220,833,334 shares were issued subsequent to 30 June 2022, including:

- 58,333,334 shares issued on 14 July 2022 (being the Placement Shares);
- 81,250,000 shares issued on 14 July 2022 (being the Exclusivity Shares); and
- 81,250,000 shares issued on 19 July 2022 (being the Facilitator Fee Shares).

On 19 August 2022, a total of 11,000,000 shares previously issued under the ESP were bought back for no consideration and cancelled.

#### **Options**

On 22 August 2022, a total of 120,150,000 unlisted options exercisable at \$0.02 expired.

#### **Performance Rights**

On 26 August 2022, a total of 69,682,290 performance rights (Class B) expired.

#### **DIVIDENDS PAID OR RECOMMENDED**

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

#### **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 Group at any time during the current financial year and have been in office for the entire period unless indicated otherwise:

|                   |                                                                                                                                         |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Dr Frazer Tabeart | Non-Executive Chairman                                                                                                                  |
| Mr Hugh Bresser   | Managing Director (appointed as an Executive Director on 5 July 2021 and transitioned to the role of Managing Director on 1 March 2022) |
| Mr Thomas McKeith | Non-Executive Director                                                                                                                  |
| Mr Howard Golden  | Managing Director (resigned 28 February 2022)                                                                                           |

Compensation levels for Directors and key management personnel of the Group 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. No independent advice was obtained during the year ended 30 June 2022 to provide recommendations in respect of remuneration.

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 Group.

### Remuneration

Details of the remuneration of the key management personnel (KMP) of the Group are set out in the following table. Currently, Directors are responsible for the management of the Group.

| 30 June 2022           | Short-term<br>Benefits<br>Salary & Fees (\$) | Post<br>Employment<br>Benefits (\$) | Annual Leave<br>(\$) <sup>^</sup> | Equity settled<br>share-based<br>payments (\$) | Total<br>(\$)  | Performance-<br>related rem. (%) |
|------------------------|----------------------------------------------|-------------------------------------|-----------------------------------|------------------------------------------------|----------------|----------------------------------|
| H Bresser <sup>1</sup> | 261,980                                      | -                                   | -                                 | 12,331                                         | 274,311        | 4%                               |
| H Golden <sup>2</sup>  | 183,333                                      | 18,333                              | 297                               | 9,792                                          | 211,755        | 5%                               |
| F Tabear <sup>3</sup>  | 48,000                                       | -                                   | -                                 | 4,639                                          | 52,639         | 9%                               |
| T McKeith              | 36,000                                       | 3,600                               | -                                 | 4,639                                          | 44,239         | 10%                              |
| <b>Total</b>           | <b>529,313</b>                               | <b>21,933</b>                       | <b>297</b>                        | <b>31,401</b>                                  | <b>582,944</b> | <b>5%</b>                        |

<sup>1</sup> Mr Hugh Bresser was appointed as an Executive Director on 5 July 2021 and transition to the role of Managing Director on 1 March 2022.

<sup>2</sup> Mr Howard Golden resigned as Managing Director on 28 February 2022 and ceased to be a KMP. On this date, Mr Golden's annual leave entitlement was \$26,537.

<sup>3</sup> Director fees for Dr Frazer Tabear were paid to Geogen Consulting Pty Ltd, a related entity of Dr Frazer Tabear.

<sup>^</sup> Movement in provision for annual leave.

| 30 June 2021          | Short-term<br>Benefits<br>Salary & Fees (\$) | Post<br>Employment<br>Benefits (\$) | Annual Leave<br>(\$) <sup>^</sup> | Equity settled<br>share-based<br>payments (\$) | Total<br>(\$)  | Performance-<br>related rem. (%) |
|-----------------------|----------------------------------------------|-------------------------------------|-----------------------------------|------------------------------------------------|----------------|----------------------------------|
| H Golden              | 250,000                                      | 23,750                              | 19,231                            | 4,374                                          | 297,355        | 1%                               |
| F Tabear <sup>1</sup> | 48,000                                       | -                                   | -                                 | 692                                            | 48,692         | 1%                               |
| T McKeith             | 36,000                                       | 3,420                               | -                                 | 1,093                                          | 40,513         | 3%                               |
| J Owen <sup>2</sup>   | 57,500                                       | 5,463                               | 6,893                             | 1,093                                          | 70,949         | 2%                               |
| <b>Total</b>          | <b>391,500</b>                               | <b>32,633</b>                       | <b>26,124</b>                     | <b>7,252</b>                                   | <b>457,509</b> | <b>2%</b>                        |

<sup>1</sup> Director fees for Dr Frazer Tabear were paid to Geogen Consulting Pty Ltd, a related entity of Dr Frazer Tabear.

<sup>2</sup> Ms Owen resigned as Chief Financial Officer on 31 March 2021.

<sup>^</sup> Movement in provision for annual leave.

## Share Based Remuneration

### Shares

On 17 April 2014, shareholder approval was received for the adoption of an Employee Share Plan (**ESP** or **Plan**). The Plan was renewed following receipt of shareholder approval at the 22 November 2017 annual general meeting. The renewal period of the Plan was for three (3) years.

The objective of the ESP is to attract directors with suitable qualifications, skills and experience to plan, carry out and evaluate the Group's 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 Group 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. On the basis that the shares can be returned by the employee at any time with no consequence, Accounting Standards require that the issue of the shares is treated as an 'option' for accounting purposes.

See note 21 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 2001* 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 2001* 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.

A summary of the ESP was set out in the Notice of General Meeting held 15 August 2019.

There were no new shares granted pursuant to the ESP during the year ended 30 June 2022 (30 June 2021: nil).

**ESP Share Holdings**

The number of shares held under the Company's ESP during the financial year by each director of Arrow and any other key management personnel of the Group, including their personally related parties, are set out below:

| 30 June 2022           |                    | Opening Balance  |                  | Awarded <sup>3</sup> | Vested   | Lapsed <sup>4</sup> | Net change other         | Closing balance  |                 |
|------------------------|--------------------|------------------|------------------|----------------------|----------|---------------------|--------------------------|------------------|-----------------|
|                        |                    | No.              | No.              | No.                  | No.      | No.                 | No.                      | No.              | No.             |
|                        |                    | <i>Vested</i>    | <i>Unvested</i>  |                      |          |                     |                          | <i>Vested</i>    | <i>Unvested</i> |
| H Bresser <sup>1</sup> | Managing Director  | -                | -                | -                    | -        | -                   | -                        | -                | -               |
| H Golden               | Managing Director  | 4,500,000        | 1,500,000        | -                    | -        | -                   | (6,000,000) <sup>2</sup> | -                | -               |
| F Tabcart              | Non-Exec. Chairman | 1,525,000        | 375,000          | -                    | -        | (400,000)           | -                        | 1,125,000        | 375,000         |
| T McKeith              | Non-Exec. Director | 1,125,000        | 375,000          | -                    | -        | -                   | -                        | 1,125,000        | 375,000         |
| <b>Total</b>           |                    | <b>7,150,000</b> | <b>2,250,000</b> | <b>-</b>             | <b>-</b> | <b>(400,000)</b>    | <b>(6,000,000)</b>       | <b>2,250,000</b> | <b>750,000</b>  |

<sup>1</sup> Mr Hugh Bresser was appointed as an Executive Director on 5 July 2021 and assumed the position of Managing Director on 1 March 2022.

<sup>2</sup> Upon resignation on 28 February 2022, Mr Golden held 6,000,000 ESP shares.

<sup>3</sup> Awarded subject to meeting vesting conditions.

<sup>4</sup> Cancellation of ESP Shares following expiration of term.

**Share holdings (excluding ESP share holdings)**

The number of ordinary shares in the Company held during the financial year (excluding ESP share holdings) by each director of Arrow and any other key management personnel of the Group, including their personally related parties, are set out below:

| 30 June 2022 |                                | Opening Balance    | Granted as remuneration | Net change other         | Closing balance          |
|--------------|--------------------------------|--------------------|-------------------------|--------------------------|--------------------------|
|              |                                | No.                | No.                     | No.                      | No.                      |
| H Bresser    | Managing Director <sup>1</sup> | -                  | -                       | 6,000,000 <sup>2</sup>   | 6,000,000                |
| H Golden     | Managing Director              | 5,333,333          | -                       | (5,333,333) <sup>3</sup> | -                        |
| F Tabcart    | Non-Exec. Chairman             | 2,166,667          | -                       | -                        | 2,166,667                |
| T McKeith    | Non-Exec. Director             | 153,334,673        | -                       | -                        | 153,334,673 <sup>4</sup> |
| <b>Total</b> |                                | <b>160,834,673</b> | <b>-</b>                | <b>666,667</b>           | <b>161,501,340</b>       |

<sup>1</sup> Mr Hugh Bresser was appointed as an Executive Director on 5 July 2021 and assumed the position of Managing Director on 1 March 2022.

<sup>2</sup> Upon appointment as a Director, Mr Bresser held 3,000,000 shares. On 10 September 2021, Mr Bresser purchased an additional 3,000,000 on-market for \$18,000. Shares are held in Milagro Ventures Pty Ltd <Bresser Family S/F A/C> of which Mr Bresser is a director.

<sup>3</sup> Upon resignation as a Director on 28 February 2022, Mr Golden held 5,333,333 shares.

<sup>4</sup> Mr Thomas McKeith's interest in shares at 30 June 2022 comprises:

- 22,168,003 shares held directly; and
- 131,166,670 shares held indirectly by GenGold Resource Capital Pty Ltd (**GenGold**), a company which Mr McKeith holds a significant shareholder interest, and is a director of.

### Option holdings

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

| 30 June 2022 |                                | Opening   | Granted as   | Options   | Net change               | Closing   | Option Details |             |                |                               |                   |
|--------------|--------------------------------|-----------|--------------|-----------|--------------------------|-----------|----------------|-------------|----------------|-------------------------------|-------------------|
|              |                                | Balance   | remuneration | exercised | other                    | balance   | Grant Date     | Expiry Date | Exercise Price | Value per Option <sup>3</sup> | Vested / Unvested |
|              |                                | No.       | No.          | No.       | No.                      | No.       |                |             |                |                               |                   |
| H Bresser    | Managing Director <sup>1</sup> | -         | 2,500,000    | -         | -                        | 2,500,000 | 25/11/2021     | 25/11/2024  | \$0.009        | \$0.0040                      | Unvested          |
|              |                                | -         | 2,500,000    | -         | -                        | 2,500,000 | 25/11/2021     | 25/11/2025  | \$0.011        | \$0.0043                      | Unvested          |
| H Golden     | Managing Director <sup>2</sup> | 500,000   | -            | -         | (500,000) <sup>2</sup>   | -         | 15/08/2019     | 22/08/2022  | \$0.020        | N/A                           | Vested            |
|              |                                | -         | 2,500,000    | -         | (2,500,000) <sup>2</sup> | -         | 25/11/2021     | 25/11/2024  | \$0.009        | \$0.0040                      | Unvested          |
|              |                                | -         | 2,500,000    | -         | (2,500,000) <sup>2</sup> | -         | 25/11/2021     | 25/11/2025  | \$0.011        | \$0.0043                      | Unvested          |
| F Tabeart    | Non-Exec. Chairman             | -         | 1,500,000    | -         | -                        | 1,500,000 | 25/11/2021     | 25/11/2024  | \$0.009        | \$0.0040                      | Unvested          |
| T McKeith    | Non-Exec. Director             | 1,000,000 | -            | -         | -                        | 1,000,000 | 15/08/2019     | 22/08/2022  | \$0.020        | N/A                           | Vested            |
|              |                                | -         | 1,500,000    | -         | -                        | 1,500,000 | 25/11/2021     | 25/11/2024  | \$0.009        | \$0.0040                      | Unvested          |
| Total        |                                | 1,500,000 | 13,000,000   | -         | (5,500,000)              | 9,000,000 |                |             |                |                               |                   |

<sup>1</sup> Mr Hugh Bresser was appointed as an Executive Director on 5 July 2021 and assumed the position of Managing Director on 1 March 2022. Options are held in Milagro Ventures Pty Ltd <Milagro Investment A/C> of which Mr Bresser is a director.

<sup>2</sup> Upon resignation on 28 February 2022, Mr Golden held a total of 5,500,000 options.

<sup>3</sup> In respect of options granted to a KMP as part of their remuneration package, this table discloses the fair value at the grant date of the options using the Black Scholes 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.

### Performance Rights holdings

The number of Performance Rights in the Company held during the financial period by any relevant director of Arrow and any other key management personnel of the Group, including their personally related parties, are set out below:

| 30 June 2022           |                       | Opening<br>Balance<br>No. | Granted as<br>remuneration<br>No. | Conversion to<br>shares<br>No. | Net change<br>other<br>No. | Closing<br>balance<br>No. |
|------------------------|-----------------------|---------------------------|-----------------------------------|--------------------------------|----------------------------|---------------------------|
| T McKeith <sup>1</sup> | Non-Exec.<br>Director | 139,364,590               | -                                 | -                              | -                          | 139,364,590               |
| <b>Total</b>           |                       | <b>139,364,590</b>        | <b>-</b>                          | <b>-</b>                       | <b>-</b>                   | <b>139,364,590</b>        |

<sup>1</sup> Performance shares shown in this table are held indirectly by GenGold.

### Non-Executive Director Fees

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 receive a fixed base fee for their services of \$36,000 per annum (excl. GST, excl. share-based payments) for services performed. Non-executive Directors' fees and payments are reviewed annually by the Board. There are no termination or retirement benefits for Non-Executive Directors (other than statutory superannuation where applicable).

### Service Agreements

The Company had service agreements with the following key management personnel during the year:

#### Current key management personnel:

#### **Hugh Bresser – Managing Director (appointed as Executive Director on 5 July 2021 and assumed position of Managing Director on 1 March 2022)**

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. The term of the contract is to 30 June 2025, unless terminated earlier or extended by mutual agreement. Either party may terminate the agreement with three month's written notice. The Company may also summarily terminate the agreement without cause in certain circumstances including gross misconduct by the Executive or actions by the Executive which bring the Company into disrepute.

Mr Bresser is entitled to an annual cash bonus of up to 25% of his annual consultancy fee subject to any applicable laws and the satisfaction of relevant key short term performance indicators to be set by the Board in its sole discretion. The Board has determined short term performance indicators based on FY23 metrics linked to shareholder value (including capital raising, share price performance, resource identification at existing projects, and new projects) **(Short-term Incentive)**.

#### **Frazer Tabcart – Non-executive Chairman**

Dr Tabcart's remuneration for services as Non-Executive Chairman is \$48,000 per annum, via a consulting agreement with Geogen Consulting Pty Ltd. No additional fees were paid to director-related entity Geogen Consulting Pty Ltd for consulting services.

### Thomas McKeith – Non-Executive Director

Mr McKeith is entitled to \$36,000 per annum plus statutory superannuation contributions in remuneration for his services as a Non-Executive Director. This remuneration is subject to annual review by the Board.

#### Former key management personnel:

### Howard Golden – Managing Director (resigned on 28 February 2022)

Mr Golden was engaged under an employment contract for an indefinite term subject to specified termination provisions. His remuneration package comprised an annual salary of \$275,000 per annum plus statutory superannuation contributions. Mr Golden stepped down as a Director of Arrow on 28 February 2022 and ceased as an employee of the Company on 31 May 2022 at the end of his three month notice period.

### Remuneration linked to performance

There is an element of performance linked to options issued to Executive Directors and Non-Executive Directors as part of their remuneration packages, which is inherent in the exercise price of the options and the share price performance of the Company, providing a link between shareholder wealth and remuneration of Directors.

Aside from options issued to Directors and the Short-term Incentive arrangement in respect of Mr Bresser (detailed above), Directors are remunerated in line with their service agreements.

### Other Transactions with key management personnel

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. Mitchell River Group Pty Ltd is a related party of Director Dr Tabcart.

During the year, an amount of \$53,210 (2021: \$22,665) was paid or payable in relation to these services. An amount of \$550 (2021: \$682) was payable at year end.

The Company has entered into a service agreement with GenGold Resources Capital Pty Ltd (**GenGold**) for the hire of minor exploration equipment. Mr McKeith is a related party of GenGold. During the year, an amount of \$13,891 (2021: \$9,000) was paid or payable in relation to this equipment. An amount of nil (2021: \$750) was payable at year end.

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 the Group's financial results for the last five financial years, as well as the share prices at the end of the respective financial years.

|                                          | 2022      | 2021      | 2020      | 2019      | 2018    |
|------------------------------------------|-----------|-----------|-----------|-----------|---------|
| Net loss before tax (\$)                 | 3,457,696 | 2,678,461 | 6,993,446 | 3,909,752 | 685,532 |
| Net loss after tax (\$)                  | 3,457,696 | 2,678,461 | 6,993,446 | 3,909,752 | 550,628 |
| Share price at start of year (cents)     | 0.6       | 0.7       | 1.1       | 2.5       | 2.6     |
| Share price at end of year (cents)       | 0.2       | 0.6       | 0.7       | 1.1       | 2.5     |
| Basic and diluted loss per share (cents) | 0.189     | 0.197     | 0.857     | 1.256     | 0.270   |

### **Adoption of Remuneration Report by Shareholders**

The adoption of the Remuneration Report for the financial year ended 30 June 2021 was put to the shareholders of the Company at the Annual General Meeting held 25 November 2021. The resolutions were passed and decided by way of poll (99.55% 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, Options and Performance Rights of the Company**

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

|                        | Ordinary shares<br>(non-ESP shares) | Ordinary shares<br>(ESP shares) | Unlisted<br>Options | Performance<br>Rights |
|------------------------|-------------------------------------|---------------------------------|---------------------|-----------------------|
|                        | No.                                 | No.                             | No.                 | No.                   |
| F Tabeart <sup>1</sup> | 2,166,667                           | -                               | 1,500,000           | -                     |
| H Bresser <sup>2</sup> | 12,000,000                          | -                               | 5,000,000           |                       |
| T McKeith <sup>3</sup> | 159,834,673                         | -                               | 1,500,000           | 69,682,300            |

<sup>1</sup> Mr Tabeart is a director of Revenge Holdings Pty Ltd which holds 2,166,667 ordinary shares (indirectly held).

<sup>2</sup> Mr Bresser is a director of Milagro Ventures Pty Ltd which holds 6,000,000 ordinary shares and 5,000,000 options (indirectly held).

<sup>3</sup> Mr McKeith is a director of GenGold which holds 131,166,670 ordinary shares and 69,682,300 Performance Rights (indirectly held).

**Shares under Options**

No options were exercised during the 2022 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 unlisted options over ordinary shares of the Company existed at 30 June 2022:

| Expiry Date      | No.                | Exercise Price |
|------------------|--------------------|----------------|
| 22 August 2022   | 120,150,000        | \$0.020        |
| 15 October 2022  | 10,000,000         | \$0.0125       |
| 22 August 2023   | 37,500,000         | \$0.0145       |
| 11 December 2023 | 2,850,000          | \$0.010        |
| 11 October 2024  | 4,300,000          | \$0.009        |
| 25 November 2024 | 8,000,000          | \$0.009        |
| 25 November 2025 | 5,000,000          | \$0.011        |
|                  | <u>187,800,000</u> |                |

The following unlisted options over ordinary shares of the Company existed at the date of this report:

| Expiry Date      | No.               | Exercise Price |
|------------------|-------------------|----------------|
| 15 October 2022  | 10,000,000        | \$0.0125       |
| 22 August 2023   | 37,500,000        | \$0.0145       |
| 11 December 2023 | 2,850,000         | \$0.010        |
| 11 October 2024  | 4,300,000         | \$0.009        |
| 25 November 2024 | 8,000,000         | \$0.009        |
| 5 August 2025    | 9,900,000         | \$0.006        |
| 25 November 2025 | 5,000,000         | \$0.011        |
|                  | <u>77,550,000</u> |                |

### Performance rights

The following performance rights existed at 30 June 2022:

|                                                                                     | <b>No.</b> |
|-------------------------------------------------------------------------------------|------------|
| Class B Performance Rights subject to performance conditions expiring on 26/08/2022 | 69,682,290 |
| Class C Performance Rights subject to performance conditions expiring on 26/08/2023 | 69,682,300 |

The following performance rights existed at the date of this report:

|                                                                                     | <b>No.</b> |
|-------------------------------------------------------------------------------------|------------|
| Class C Performance Rights subject to performance conditions expiring on 26/08/2023 | 69,682,300 |

### Securities on Issue at Date of this Report

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

#### *Quoted Securities*

|                                    |               |
|------------------------------------|---------------|
| Ordinary shares on issue (ASX:AMD) | 2,033,765,094 |
|------------------------------------|---------------|

#### *Unquoted Securities*

|                                                                                                  |            |
|--------------------------------------------------------------------------------------------------|------------|
| Options exercisable at \$0.0145 on or before 22/08/2023                                          | 37,500,000 |
| Options exercisable at \$0.0125 on or before 15/10/2022                                          | 10,000,000 |
| Options exercisable at \$0.010 on or before 11/12/2023 <sup>1</sup>                              | 2,850,000  |
| Options exercisable at \$0.009 on or before 11/10/2024 <sup>1</sup>                              | 4,300,000  |
| Options exercisable at \$0.009 on or before 25/11/2024                                           | 8,000,000  |
| Options exercisable at \$0.006 on or before 05/08/2025                                           | 9,900,000  |
| Options exercisable at \$0.011 on or before 25/11/2025                                           | 5,000,000  |
| Class C Performance Rights subject to performance conditions expiring on 26/08/2023 <sup>2</sup> | 69,682,300 |
| Convertible Notes                                                                                | 1,000,000  |

<sup>1</sup> Pursuant to ESIP

<sup>2</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

### MEETINGS OF DIRECTORS

The following table sets out the number of Directors' meetings held during the year and the number of meetings attended by each Director.

|                        | <b>Board</b> |          | <b>Audit Committee</b> |          | <b>Risk Committee</b> |          |
|------------------------|--------------|----------|------------------------|----------|-----------------------|----------|
|                        | Eligible     | Attended | Eligible               | Attended | Eligible              | Attended |
| F Tabeart              | 7            | 7        | 2                      | 2        | 1                     | 1        |
| H Bresser <sup>1</sup> | 7            | 6        | -                      | -        | 1                     | 1        |
| H Golden <sup>2</sup>  | 3            | 3        | -                      | -        | -                     | -        |
| T McKeith              | 7            | 7        | 2                      | 2        | 1                     | 1        |

<sup>1</sup> Mr Hugh Bresser was appointed as an Executive Director on 5 July 2021 and assumed the position of Managing Director on 1 March 2022.

<sup>2</sup> Resigned as Managing Director on 28 February 2022.

**INDEMNIFICATION OF AUDITORS AND OFFICERS**

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 HLB Mann Judd (WA Partnership) or its associates for the audit and non-audit services provided during the year are set out in note 27 to the financial 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 (including Independence Standards)*.

**AUDITOR INDEPENDENCE**

The auditor's independence declaration for the year ended 30 June 2022 has been received and is included in this annual report.

#### 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*.

Signed in accordance with a resolution of the Directors



**Hugh Bresser**

**Managing Director**

Perth, 2 September 2022

## **CORPORATE GOVERNANCE STATEMENT**

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

Arrow's corporate governance practices were in place throughout the year ended 30 June 2022 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/company-information/corporate-governance/>

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Arrow Minerals Limited for the year ended 30 June 2022, 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.



**Perth, Western Australia**  
**2 September 2022**

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

**hlb.com.au**

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

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

**CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2022**

|                                                                                               | Note  | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|-----------------------------------------------------------------------------------------------|-------|--------------------|--------------------|
| <b>Continuing Operations</b>                                                                  |       |                    |                    |
| Income                                                                                        | 2(a)  | 365,352            | 539,928            |
| Net gain/(loss) on financial assets/liabilities measured at fair value through profit or loss |       | 198,411            | (112,288)          |
| Employee benefits expenses                                                                    | 2(b)  | (429,631)          | (454,386)          |
| Occupancy costs                                                                               |       | (46,615)           | (28,147)           |
| Amortisation of right of use assets                                                           |       | (14,803)           | (69,784)           |
| Impairment of exploration and evaluation assets                                               | 10(a) | (2,460,205)        | (1,573,498)        |
| Finance costs                                                                                 | 2(c)  | (89,181)           | (145,488)          |
| Depreciation                                                                                  |       | (23,366)           | (68,648)           |
| Share-based payment expense                                                                   | 21(a) | (59,945)           | (10,377)           |
| Administration and other expenses                                                             | 2(d)  | (897,713)          | (755,773)          |
| Loss before tax                                                                               |       | <b>(3,457,696)</b> | <b>(2,678,461)</b> |
| Income tax expense                                                                            | 3(a)  | -                  | -                  |
| Loss after tax                                                                                |       | <b>(3,457,696)</b> | <b>(2,678,461)</b> |
| <b>Other comprehensive income</b>                                                             |       |                    |                    |
| Items that may be classified subsequently to profit or loss                                   |       |                    |                    |
| Movement in foreign currency translation reserve                                              |       | 40,679             | 927                |
| Other comprehensive income for the year                                                       |       | <b>40,679</b>      | <b>927</b>         |
| Total comprehensive loss for the year attributable to members of the Company                  |       | <b>(3,417,017)</b> | <b>(2,677,534)</b> |
| <b>Loss per share for the period attributable to the members of Arrow Minerals Limited</b>    |       |                    |                    |
| Basic loss per share (cents per share)                                                        | 17    | (0.189)            | (0.197)            |
| Diluted loss per share (cents per share)                                                      | 17    | (0.189)            | (0.197)            |

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

|                                      | Note | 30 June 2022     | 30 June 2021      |
|--------------------------------------|------|------------------|-------------------|
|                                      |      | \$               | \$                |
| <b>CURRENT ASSETS</b>                |      |                  |                   |
| Cash and cash equivalents            | 4    | 271,819          | 3,283,858         |
| Trade and other receivables          | 6    | 31,207           | 71,786            |
| Prepayments                          | 7    | 48,313           | 40,594            |
| Held for sale assets                 | 8    | 705,750          | -                 |
| <b>TOTAL CURRENT ASSETS</b>          |      | <b>1,057,089</b> | <b>3,396,238</b>  |
| <b>NON-CURRENT ASSETS</b>            |      |                  |                   |
| Exploration and evaluation assets    | 10   | 8,179,606        | 9,799,067         |
| Right of use assets                  | 9    | 28,430           | 43,233            |
| Property, plant and equipment        | 11   | 61,673           | 61,272            |
| Other financial assets               | 5    | 55,556           | -                 |
| <b>TOTAL NON-CURRENT ASSETS</b>      |      | <b>8,325,265</b> | <b>9,903,572</b>  |
| <b>TOTAL ASSETS</b>                  |      | <b>9,382,354</b> | <b>13,299,810</b> |
| <b>CURRENT LIABILITIES</b>           |      |                  |                   |
| Trade and other payables             | 12   | 157,638          | 506,460           |
| Right of use lease liabilities       | 13   | 15,123           | 13,666            |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <b>172,761</b>   | <b>520,126</b>    |
| <b>NON-CURRENT LIABILITIES</b>       |      |                  |                   |
| Right of use lease liabilities       | 13   | 14,552           | 29,675            |
| Other financial liabilities          | 14   | 1,001,003        | 1,198,899         |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <b>1,015,555</b> | <b>1,228,574</b>  |
| <b>TOTAL LIABILITIES</b>             |      | <b>1,188,316</b> | <b>1,748,700</b>  |
| <b>NET ASSETS</b>                    |      | <b>8,194,038</b> | <b>11,551,110</b> |
| <b>EQUITY</b>                        |      |                  |                   |
| Issued capital                       | 15   | 45,957,349       | 45,957,349        |
| Reserves                             | 16   | 2,985,605        | 2,884,981         |
| Accumulated losses                   |      | (40,748,916)     | (37,291,220)      |
| <b>TOTAL EQUITY</b>                  |      | <b>8,194,038</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 YEAR ENDED 30 JUNE 2022**

|                                                         | Note     | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|---------------------------------------------------------|----------|--------------------|--------------------|
| <b>Cash Flows from Operating Activities</b>             |          |                    |                    |
| Payments to suppliers and employees                     |          | (1,350,972)        | (1,434,749)        |
| Interest income received                                |          | 132                | 1,753              |
| Exclusivity option fee                                  |          | 50,000             | -                  |
| Government stimulus                                     |          | -                  | 50,000             |
| <i>Net cash (used in) operating activities</i>          | 4(a)     | <b>(1,300,840)</b> | <b>(1,382,996)</b> |
| <b>Cash Flows from Investing Activities</b>             |          |                    |                    |
| Proceeds from the sale of tenements                     |          | 112,967            | 40,000             |
| Proceeds from sale of financial assets                  |          | -                  | 719,155            |
| Proceeds from sale of subsidiary                        |          | 500,000            | -                  |
| Payment for exploration and evaluation activities       |          | (2,085,236)        | (1,997,126)        |
| Purchase of property plant and equipment                |          | (23,767)           | (63,422)           |
| <i>Net cash (used in) investing activities</i>          |          | <b>(1,496,036)</b> | <b>(1,301,393)</b> |
| <b>Cash Flows from Financing Activities</b>             |          |                    |                    |
| Proceeds from issue of shares                           |          | -                  | 3,823,821          |
| Capital raising transaction costs                       |          | (118,404)          | (95,731)           |
| Proceeds from convertible notes                         |          | -                  | 1,000,000          |
| Convertible notes transaction costs                     |          | -                  | (60,000)           |
| Principal payments on lease liabilities                 | 4(b)     | (13,666)           | (70,975)           |
| Principal payments on chattel mortgages                 |          | -                  | (33,329)           |
| Interest paid on convertible notes                      |          | (80,000)           | (80,000)           |
| Interest paid on chattel mortgages                      |          | -                  | (1,714)            |
| <i>Net cash (used in)/from financing activities</i>     |          | <b>(212,070)</b>   | <b>4,482,072</b>   |
| Net (decrease)/increase in cash and cash equivalents    |          | (3,008,946)        | 1,797,683          |
| Effect of exchange rate movements                       |          | (3,093)            | 242                |
| Cash and cash equivalents at the beginning of the year  |          | 3,283,858          | 1,485,933          |
| <b>Cash and cash equivalents at the end of the year</b> | <b>4</b> | <b>271,819</b>     | <b>3,283,858</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 YEAR ENDED 30 JUNE 2022**

|                                         | Issued<br>Capital | Share-Based<br>Payment<br>Reserve<br>(Shares) | Share-Based<br>Payment<br>Reserve<br>(Options) | Foreign<br>Currency<br>Translation<br>Reserve | Accumulated<br>Losses | Total            |
|-----------------------------------------|-------------------|-----------------------------------------------|------------------------------------------------|-----------------------------------------------|-----------------------|------------------|
|                                         | \$                | \$                                            | \$                                             | \$                                            | \$                    | \$               |
| <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 year             | -                 | -                                             | -                                              | -                                             | (3,457,696)           | (3,457,696)      |
| Other comprehensive income              | -                 | -                                             | -                                              | 40,679                                        | -                     | 40,679           |
| Total comprehensive loss for the period | -                 | -                                             | -                                              | 40,679                                        | (3,457,696)           | (3,417,017)      |
| Issue of Options (net of costs)         | -                 | -                                             | 48,808                                         | -                                             | -                     | 48,808           |
| Share-based payments                    | -                 | 11,137                                        | -                                              | -                                             | -                     | 11,137           |
| Total transactions with equity holders  | -                 | 11,137                                        | 48,808                                         | -                                             | -                     | 59,945           |
| <b>Balance at 30 June 2022</b>          | <b>45,957,349</b> | <b>2,082,668</b>                              | <b>867,722</b>                                 | <b>35,215</b>                                 | <b>(40,748,916)</b>   | <b>8,194,038</b> |

|                                         | Issued<br>Capital | Share-Based<br>Payment<br>Reserve<br>(Shares) | Share-Based<br>Payment<br>Reserve<br>(Options) | Foreign<br>Currency<br>Translation<br>Reserve | Accumulated<br>Losses | Total             |
|-----------------------------------------|-------------------|-----------------------------------------------|------------------------------------------------|-----------------------------------------------|-----------------------|-------------------|
|                                         | \$                | \$                                            | \$                                             | \$                                            | \$                    | \$                |
| <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 year             | -                 | -                                             | -                                              | -                                             | (2,678,461)           | (2,678,461)       |
| Other comprehensive income              | -                 | -                                             | -                                              | 927                                           | -                     | 927               |
| Total comprehensive loss for the period | -                 | -                                             | -                                              | 927                                           | (2,678,461)           | (2,677,534)       |
| Issue of Shares (net of costs)          | 3,609,687         | -                                             | -                                              | -                                             | -                     | 3,609,687         |
| Issue of Options (net of costs)         | -                 | -                                             | 5,810                                          | -                                             | -                     | 5,810             |
| Share-based payments                    | -                 | 4,567                                         | -                                              | -                                             | -                     | 4,567             |
| Total transactions with equity holders  | 3,609,687         | 4,567                                         | 5,810                                          | -                                             | -                     | 3,620,064         |
| <b>Balance at 30 June 2021</b>          | <b>45,957,349</b> | <b>2,071,531</b>                              | <b>818,914</b>                                 | <b>(5,464)</b>                                | <b>(37,291,220)</b>   | <b>11,551,110</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 YEAR ENDED 30 JUNE 2022

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of Preparation

Arrow Minerals Limited (the **Company** or **Arrow**) is a limited company incorporated in Australia. The consolidated financial report of the Company for the year ended 30 June 2022 comprises the Company and its subsidiaries (together referred to as the **Group**).

The financial report was authorised for issue by the Directors on 2 September 2022.

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 Group.

These are for-profit general purpose financial statements and 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.

#### b) Going concern

The financial report has 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 year ended 30 June 2022 of \$3,457,696 (30 June 2021: \$2,678,461) and a net cash outflow from operating and investing activities of \$2,796,876 (30 June 2021: \$2,684,389). Net assets of the Group as at 30 June 2022 were \$8,194,038 (30 June 2021: \$11,551,110). Cash and cash equivalents as at 30 June 2022 were \$271,819 (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:

- Completion of a capital raising subsequent to 30 June 2022 totalling \$350,000;
- Completion of the sale of the Strickland Copper Gold Project subsequent to 30 June 2022, with consideration including \$600,000 in cash payments (\$300,000 in July 2022 and \$300,000 in November 2022);
- Completion of sale of the remaining 10% interest in the Malinda Lithium Project subsequent to 30 June 2022 for \$700,000 cash;

- 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 amounts realised being different from those shown in the financial statements.

**c) New standards, interpretations and amendments adopted by the Group**

In the year ended 30 June 2022, the Directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the year end reporting period beginning on or after 1 July 2021. No changes were required.

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.

**d) New accounting standards and interpretations not yet effective**

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

**e) Basis of Consolidation**

The consolidated financial statements are those of the Group, comprising the financial statements of Arrow, the parent entity, and of all subsidiary 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.

**Acquisition of an asset or a group of assets that does not constitute a business**

The Group has to identify and recognise the individual identifiable assets acquired (including intangible assets) and liabilities assumed. The cost of the group being acquired is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. These transactions and events do not give rise to goodwill.

**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.

**f) Foreign Currency Transactions and Balances**

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the presentation currency of the Group. The functional currency of the subsidiaries based in Burkina Faso is West African CFA Franc.

*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 of 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.

*Translation of foreign loans:*

Loans from the parent entity to foreign operations are denominated in Central African Francs (**XOF**). They are initially recognised in the parent entity Statement of Financial Position at the spot rate on the date of transaction. Loan balances are translated into the presentation currency at the exchange rate ruling at each reporting date, and exchange differences arising on the translation of intercompany loans is recognised in the Statement of Comprehensive Income.

**g) Goods and Services Tax**

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.

**h) 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 for 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.

For the purposes of income tax legislation, the Company and its 100% controlled Australian entities have elected to form a tax consolidated group. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liability of these entities are set off in the consolidated financial statements.

**i) Cash and Cash Equivalents**

Cash and cash equivalents include 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.

**j) Trade and Other Receivables**

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

The Group applies the *AASB 9 Financial Instruments* simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the Group's past history, existing market conditions and forward-looking estimates at the end of each reporting period.

**k) 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.

*Financial assets at FVTPL*

With the except of loans and receivables, financial assets are measured at fair value. 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.

*Loans and receivables*

Loans and receivables are measured at amortised cost using the effective rate method. Changes in fair value are taken to profit or loss.

**l) Non-Current assets or disposal groups classified as held for sale**

Non-current assets are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction instead of use. They are not depreciated or amortised. For an asset to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

**m) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Liabilities***Initial recognition and measurement*

All financial liabilities are recognised initially at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss (FVTPL), in which case transaction costs are immediately recognised as expenses in profit or loss.

*Classification of financial liabilities*

Financial liabilities classified as held-for-trading, contingent consideration payable by the group for the acquisition of a business, and financial liabilities designated at FVTPL, are subsequently measured at fair value. All other financial liabilities recognised by the group are subsequently measured at amortised cost.

The Group's financial liabilities include trade and other payables, and convertible note payables (refer note 14).

Convertible notes have embedded derivatives within them. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

The convertible note is valued as a financial liability (**Host Debt**) with an embedded derivative feature (**Embedded derivative**).

*Subsequent Measurement*

Subsequent measurement for Host Debt is at amortised costs. Subsequent measurement for Embedded derivative is at fair value through profit and loss.

**n) Interest in Joint Arrangements**

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

As at the reporting date 30 June 2022, the Group does not have any Joint Arrangements as defined in this policy. While there are agreements in place with Furtuna Silver Mines (for the Hounde South Project) and Trevali Mining (for the Arrow and Trevali permits that form part of the Vranso Project), there is no joint control over decisions about relevant activities required to progress these projects.

**o) Property, Plant and Equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. 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 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:

|                               |               |                    |
|-------------------------------|---------------|--------------------|
| Office equipment/improvements | 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 profit or loss in the period the item is derecognised.

**p) 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 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:

1. sufficient data exists to determine technical feasibility and commercial viability, and
2. 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.

**q) Impairment of Non-Financial 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).

**r) 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.

**s) Leases**

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

*Lease assets*

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

#### *Lease liabilities*

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e. the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

#### *Leases of 12-months or less and leases of low value assets*

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

### **t) Current / Non-Current Distinction**

The Group presents current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position.

#### *Assets*

The Group classifies an asset as current when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

#### *Liabilities*

The Group classifies a liability as current when:

- it expects to settle the liability in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

**u) 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.

**v) Measurement of Contingent Consideration**

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

Contingent consideration, resulting from asset acquisitions, is valued at fair value at the acquisition date as part of the asset acquisition. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on a probability weighted pay-out approach. The key assumptions take into consideration the probability of meeting each performance target (refer to note 14).

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 was remeasured to \$13,937 at the current reporting date.

**w) Earnings/Loss Per Share**

Basic Earnings/Loss per Share – is calculated by dividing the profit or loss 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/Loss per Share – adjusts the figures used in the determination of basic earnings/loss 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.

**x) Critical accounting judgements, estimates and assumptions**

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(p). 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 profit or loss.

**Share-based payments**

The Group measures the cost of equity settled share-based payments at fair value at the grant date using the Black Scholes 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.

**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) Benefit from carried forward tax losses

The future recoverability of the carried forward tax losses are dependent upon the 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.

(iv) Valuation of share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instrument at the date at which they are granted. The fair value is determined by using the Black-Scholes model considering the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity settled share-based payments would have no impact on the carrying amount of assets and liabilities within the next annual reporting period but may impact profit or loss and equity (refer to note 21).

(v) Contingent Consideration

The contingent consideration (referred to at note 14(b)) which arose as part of accounting for the acquisition of Boromo Gold Ltd (completed in August 2021) was remeasured at 30 June 2022. In determining the fair value of the

contingent consideration, estimations are made based on a probability weighted pay-out approach. The key assumptions take into consideration the probability of meeting each performance target and management's expectation regarding timing as to when the milestone will be achieved (refer note 14(b)).

## 2. REVENUE AND EXPENSES

|                                                         | 30 Jun 2022    | 30 Jun 2021    |
|---------------------------------------------------------|----------------|----------------|
|                                                         | \$             | \$             |
| <b>a) Income</b>                                        |                |                |
| Interest income                                         | 132            | 1,753          |
| Exclusivity option fee                                  | 50,000         | -              |
| Profit on sale of investments                           | -              | 446,675        |
| Profit on sale of tenement interests (refer note 25)    | 112,967        | -              |
| Profit on sale of tenements                             | -              | 40,000         |
| Gain on disposal of subsidiary (refer note 25)          | 202,253        | -              |
| Cash flow boost – Government Stimulus                   | -              | 50,000         |
| Other income                                            | -              | 1,500          |
|                                                         | <b>365,352</b> | <b>539,928</b> |
| <b>b) Employee benefits expense</b>                     |                |                |
| Employee benefits, including ETP and Directors' fees    | 401,210        | 416,552        |
| Superannuation expenses                                 | 28,421         | 37,834         |
|                                                         | <b>429,631</b> | <b>454,386</b> |
| <b>c) Finance costs</b>                                 |                |                |
| Bank fees                                               | 5,949          | 5,793          |
| Brokerage fees                                          | 511            | 1,391          |
| Lease interest expense                                  | 2,206          | 2,207          |
| Convertible note – amortised interest cost on host debt | 80,515         | 136,097        |
|                                                         | <b>89,181</b>  | <b>145,488</b> |
| <b>d) Administration and other expenses</b>             |                |                |
| Consultants, advisers, and auditors                     | 197,472        | 133,138        |
| Insurance                                               | 50,801         | 54,349         |
| Legal costs                                             | 36,097         | 60,632         |
| Public company costs                                    | 59,131         | 105,402        |
| Overheads                                               | 251,141        | 274,423        |
| Travel costs                                            | 12,427         | 1,838          |
| Foreign exchange loss                                   | 290,644        | 125,991        |
|                                                         | <b>897,713</b> | <b>755,773</b> |

**3. INCOME TAX EXPENSE**

|                                                                                             | 30 Jun 2022  | 30 Jun 2021  |
|---------------------------------------------------------------------------------------------|--------------|--------------|
|                                                                                             | \$           | \$           |
| <b>a) The components of tax expense / (benefit) comprise:</b>                               |              |              |
| Current tax benefit / (expense)                                                             | -            | -            |
| Deferred tax benefit / (expense)                                                            | -            | -            |
| Offset against DTA not recognised                                                           | -            | (127,501)    |
| Under / (over) provision in prior years                                                     | -            | 127,501      |
|                                                                                             | -            | -            |
| <b>b) Reconciliation of prima facie tax on continuing operations to income tax benefit:</b> |              |              |
| Loss before tax for the year                                                                | (3,457,696)  | (2,678,461)  |
| Tax benefit @ 30% tax rate (2021: 30%)                                                      | (1,037,309)  | (803,538)    |
| <i>Adjustments for:</i>                                                                     |              |              |
| Non-assessable income                                                                       | (58,533)     | -            |
| Capital (gain)/loss                                                                         | (15,000)     | 11,126       |
| Cash Flow Boost                                                                             | -            | (8,498)      |
| Effect of differences in foreign tax rates                                                  | 135,380      | 28,373       |
| Legal fees                                                                                  | 4,892        | -            |
| Other non-deductible expenses                                                               | 964,336      | 546,730      |
| Share-based payments                                                                        | 17,984       | 3,113        |
| Unrecognised DTA on tax losses                                                              | (11,750)     | 95,193       |
| Under provision in prior period                                                             | -            | 127,501      |
| Income tax expense / (benefit) attributable to profit/(loss)                                | -            | -            |
|                                                                                             |              |              |
|                                                                                             | 30 Jun 2022  | 30 Jun 2021  |
|                                                                                             | \$           | \$           |
| <b>c) Components of deferred tax assets</b>                                                 |              |              |
| <i>Deferred tax assets</i>                                                                  |              |              |
| Tax losses                                                                                  | 11,098,250   | 11,613,515   |
| Provisions & accruals                                                                       | 13,261       | 38,653       |
| Plant and equipment under lease                                                             | 8,903        | 13,002       |
| Capital & borrowing costs                                                                   | 84,822       | 80,543       |
| Business related costs                                                                      | 10,543       | 22,350       |
| Offset against deferred tax liability / not recognised                                      | (11,215,779) | (11,768,063) |
| <i>Deferred tax liabilities</i>                                                             |              |              |
| Prepayments                                                                                 | (7,335)      | (4,562)      |
| Investments                                                                                 | (23,078)     | (9,189)      |
| Exploration expenditure                                                                     | (3,059,301)  | (2,932,755)  |
| Offset against deferred tax assets / not recognised                                         | 3,089,714    | 2,946,506    |
|                                                                                             |              |              |
| Net deferred tax assets / (liability)                                                       | -            | -            |

|                                                                                                                                                                                                                                                                                                                                                                                        | 30 Jun 2022      | 30 Jun 2021      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
|                                                                                                                                                                                                                                                                                                                                                                                        | \$               | \$               |
| <b>d) Deferred tax assets / liabilities not brought to account</b>                                                                                                                                                                                                                                                                                                                     |                  |                  |
| Temporary differences                                                                                                                                                                                                                                                                                                                                                                  | (2,980,716)      | (2,804,928)      |
| Capital losses                                                                                                                                                                                                                                                                                                                                                                         | 38,225           | 177,415          |
| Operating tax losses                                                                                                                                                                                                                                                                                                                                                                   | 11,098,250       | 11,613,515       |
|                                                                                                                                                                                                                                                                                                                                                                                        | <u>8,155,759</u> | <u>8,986,002</u> |
| The tax benefits of the above deferred tax assets will only be obtained if:                                                                                                                                                                                                                                                                                                            |                  |                  |
| <ul style="list-style-type: none"> <li>- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;</li> <li>- the Group continues to comply with the conditions for deductibility imposed by law; and</li> <li>- no changes in income tax legislation adversely affect the Group in utilising the benefits.</li> </ul> |                  |                  |
| <b>e) Deferred income tax (revenue)/expense included in Income Tax expense comprises:</b>                                                                                                                                                                                                                                                                                              |                  |                  |
| (Increase) / decrease in deferred tax assets                                                                                                                                                                                                                                                                                                                                           | 857,159          | 6,528            |
| (Decrease) / increase in deferred tax liabilities                                                                                                                                                                                                                                                                                                                                      | (734,484)        | (132,881)        |
| Deferred tax assets not recognised                                                                                                                                                                                                                                                                                                                                                     | (122,675)        | (1,147)          |
| Under provision in prior period                                                                                                                                                                                                                                                                                                                                                        | -                | 127,500          |
|                                                                                                                                                                                                                                                                                                                                                                                        | <u>-</u>         | <u>-</u>         |
| <b>f) Deferred income tax related to items charged or credited directly to equity</b>                                                                                                                                                                                                                                                                                                  |                  |                  |
| Decrease / (increase) in deferred tax assets                                                                                                                                                                                                                                                                                                                                           | 35,533           | 35,533           |
| Deferred tax assets not recognised                                                                                                                                                                                                                                                                                                                                                     | (35,533)         | (35,533)         |
|                                                                                                                                                                                                                                                                                                                                                                                        | <u>-</u>         | <u>-</u>         |
| <b>g) Tax Consolidation</b>                                                                                                                                                                                                                                                                                                                                                            |                  |                  |

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

**4. CASH AND CASH EQUIVALENTS**

|                                                                            | 30 Jun 2022 | 30 Jun 2021 |
|----------------------------------------------------------------------------|-------------|-------------|
|                                                                            | \$          | \$          |
| Cash at bank and on hand                                                   | 271,819     | 3,283,858   |
|                                                                            | 271,819     | 3,283,858   |
| <b>(a) Reconciliation of loss for the year to operating cash flows</b>     |             |             |
| Loss for the year                                                          | (3,457,696) | (2,678,461) |
| <i>Cashflows excluded from profit attributable to operating activities</i> |             |             |
| Finance costs on interest bearing liabilities                              | 1,714       | 1,714       |
| <i>Adjustments for non-cash items:</i>                                     |             |             |
| Impairment of exploration & evaluation assets                              | 2,460,205   | 1,573,498   |
| Share-based payment expense                                                | 59,945      | 10,377      |
| Depreciation expense                                                       | 23,366      | 68,648      |
| Amortisation expense                                                       | 14,803      | 69,784      |
| Gain on disposal of investments                                            | -           | (446,675)   |
| Gain on disposal of subsidiary                                             | (202,253)   | -           |
| Revaluation of financial assets                                            | -           | 52,234      |
| Revaluation of embedded derivative                                         | (3,301)     | (2,660)     |
| Interest on convertible note (unwind)                                      | 515         | 52,512      |
| Revaluation of contingent consideration (performance shares)               | (195,110)   | 62,714      |
| <i>Movement in working capital items:</i>                                  |             |             |
| Decrease / (increase) in trade and other receivables                       | 40,579      | (34,642)    |
| (Increase) / decrease in prepayments                                       | (6,645)     | 15,145      |
| (Decrease) in trade and other payables                                     | (24,112)    | (155,242)   |
| (Decrease) / increase in payroll liabilities                               | (12,850)    | 28,060      |
| Net cash used in operating activities                                      | (1,300,840) | (1,382,996) |

**(b) Changes in liabilities arising from financing activities**

|                                              | Convertible<br>notes<br>\$ | Right of Use<br>Lease<br>\$ | Finance<br>Lease<br>\$ | Total<br>\$ |
|----------------------------------------------|----------------------------|-----------------------------|------------------------|-------------|
| Balance at 1 July 2020                       | -                          | 82,428                      | 33,329                 | 115,757     |
| Net cash from/(used in) financing activities | 940,000                    | (70,975)                    | (33,329)               | 835,696     |
| Acquisition of leases                        | -                          | 44,449                      | -                      | 44,449      |
| Other changes                                | 49,852                     | (12,561)                    | -                      | 37,291      |
| Balance at 30 June 2021                      | 989,852                    | 43,341                      | -                      | 1,033,193   |
| Net cash from/(used in) financing activities | -                          | (13,666)                    | -                      | (13,666)    |
| Acquisition of leases                        | -                          | -                           | -                      | -           |
| Other changes                                | (2,786)                    | -                           | -                      | (2,786)     |
| Balance at 30 June 2022                      | 987,066                    | 29,675                      | -                      | 1,016,741   |

**5. OTHER FINANCIAL ASSETS**

|                                                        | 30 Jun 2022 | 30 Jun 2021 |
|--------------------------------------------------------|-------------|-------------|
|                                                        | \$          | \$          |
| Financial assets at fair value through profit or loss: |             |             |
| Shares in Arrow (Malinda) Pty Ltd (refer note 25)      | 55,556      | -           |
|                                                        | 55,556      | -           |

**6. TRADE AND OTHER RECEIVABLES**

|                | 30 Jun 2022 | 30 Jun 2021 |
|----------------|-------------|-------------|
|                | \$          | \$          |
| Bonds          | 6,135       | 9,316       |
| Deposits       | 7,677       | 8,011       |
| GST receivable | 17,395      | 49,189      |
| Other debtors  | -           | 5,270       |
|                | 31,207      | 71,786      |

**7. PREPAYMENTS**

|                        | 30 Jun 2022 | 30 Jun 2021 |
|------------------------|-------------|-------------|
|                        | \$          | \$          |
| Prepaid expenses       | 48,313      | 31,064      |
| Prepaid drilling costs | -           | 9,530       |
|                        | 48,313      | 40,594      |

**8. HELD FOR SALE ASSETS**

|                                                                  | 30 Jun 2022 | 30 Jun 2021 |
|------------------------------------------------------------------|-------------|-------------|
|                                                                  | \$          | \$          |
| Exploration assets – Strickland Copper Gold Project              | 705,750     | -           |
| <i>Movements:</i>                                                |             |             |
| Balance at beginning of year                                     | -           | -           |
| Exploration assets reclassified as held for sale (refer note 10) | 705,750     | -           |
| Balance at end of year                                           | 705,750     | -           |

**9. RIGHT OF USE ASSETS**

|                              | 30 Jun 2022 | 30 Jun 2021 |
|------------------------------|-------------|-------------|
|                              | \$          | \$          |
| <b>Right of use assets</b>   |             |             |
| Cost                         | 44,449      | 44,449      |
| Accumulated amortisation     | (16,019)    | (1,216)     |
|                              | 28,430      | 43,233      |
| <i>Movements:</i>            |             |             |
| Balance at beginning of year | 43,233      | 68,568      |
| Additions (a)                | -           | 44,449      |
| Amortisation for the year    | (14,803)    | (69,784)    |
| Balance at end of year       | 28,430      | 43,233      |

- (a) On 1 June 2021, the Group entered into a lease arrangement for its office in Subiaco, Australia, which expires on 31 May 2024, with an option to extend for a further three-year period, no option to purchase at the expiry of the lease period.

At the commencement date of a lease (other than leases of 12 months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

**10. EXPLORATION AND EVALUATION ASSETS**

|                                                       | 30 Jun 2022 | 30 Jun 2021 |
|-------------------------------------------------------|-------------|-------------|
|                                                       | \$          | \$          |
| Exploration and evaluation assets                     | 8,179,606   | 9,799,067   |
| <i>Movements:</i>                                     |             |             |
| Balance at the beginning of the year                  | 9,799,067   | 8,865,472   |
| Expenditure incurred during the year                  | 1,899,796   | 2,507,093   |
| Sale of subsidiary (refer note 25)                    | (353,302)   | -           |
| Impairment recognised during the year (a)             | (2,460,205) | (1,573,498) |
| Transferred to assets classified as held for sale (a) | (705,750)   | -           |
| Balance at the end of the year                        | 8,179,606   | 9,799,067   |

*The asset balance comprises the following areas of interest:*

|                                  |           |           |
|----------------------------------|-----------|-----------|
| - Burkina Faso Gold Projects     | 8,179,606 | 6,595,013 |
| - Strickland Copper Gold Project | -         | 2,850,722 |
| - Malinda Lithium Project        | -         | 353,332   |
|                                  | 8,179,606 | 9,799,067 |

*Impairment expense recognised in respect of the following:*

|                                                |             |             |
|------------------------------------------------|-------------|-------------|
| - Burkina Faso Projects                        | (92,119)    | (252,627)   |
| - Strickland Copper Gold Project               | (2,368,086) | -           |
| - Plumridge (tenement relinquished / divested) | -           | (17,549)    |
| - Plumridge (withdrawal from JV)               | -           | (969,556)   |
| - Malinda Lithium Project                      | -           | (333,766)   |
|                                                | (2,460,205) | (1,573,498) |

- (a) The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation of each area of interest.

The impairment expense totalling \$2,460,205 recognised in the year ended 30 June 2022 includes:

- \$92,119 in respect of four licenses (part of the Burkina Faso Projects) which were identified as low priority and where a decision was made to discontinue exploration activities on these licenses; and
- \$2,368,086 in respect of the Strickland Copper Gold Project. The carrying value of this project was written down to \$705,750, representing the fair value less costs to sell (**FVLCTS**). The FVLCTS has been determined in reference to the agreement struck with Dreadnought Resources Limited (**Dreadnought**) for the sale of a 100% interest in the project, as announced 13 July 2022). Consideration for the divestment includes \$600,000 in cash, 2,350,000 shares in Dreadnought (valued at \$105,750 based on share price at 30 June 2022), as well as contingent consideration of \$1,000,000 in cash on identification of mineral resource of >500,000oz gold equivalent, and a 1% 1% Net Smelter Return royalty. The Strickland Copper Gold Project at the FVLCTS of \$705,750 has been classified as held for sale at 30 June 2022 (refer to note 8).

The impairment expense totalling \$1,573,498 recognised in the year ended 30 June 2021 includes:

- \$252,627 in respect of the Gourma Project (part of the Burkina Faso Projects) following the decision to relinquish all Gourma licenses.
- \$987,105 in respect of the Plumridge Nickel and Gold Projects. In March 2021, the Company notified IGO Ltd (**IGO**) of its conversion of its 10% contributing interest in the joint venture project to a 1% NSR royalty;
- \$333,766 in respect of the Malinda Lithium Project. The carrying value of the Malinda Lithium Project has been written down to \$353,333, representing the FVLCTS. The FVLCTS has been determined from the implied market value of Arrow's retained interest (25%) under the earn-in agreement entered into with Electrostate Pty Ltd (**Electrostate**), as announced 23 August 2021 (refer note 25 for further details).

## 11. PLANT AND EQUIPMENT

|                                     | 30 Jun 2022 | 30 Jun 2021 |
|-------------------------------------|-------------|-------------|
|                                     | \$          | \$          |
| Motor vehicle                       |             |             |
| - At cost                           | 122,794     | 123,090     |
| - Accumulated depreciation          | (83,992)    | (73,040)    |
| Total motor vehicle                 | 38,802      | 50,050      |
| Caravan                             |             |             |
| - At cost                           | 45,764      | 45,764      |
| - Accumulated depreciation          | (45,764)    | (45,764)    |
| Total Caravan                       | -           | -           |
| Office Improvements                 |             |             |
| - At cost                           | 154,396     | 131,921     |
| - Accumulated depreciation          | (131,525)   | (120,699)   |
| Total Office Improvements           | 22,871      | 11,222      |
| Total property, plant and equipment | 61,673      | 61,272      |

**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:

|                                | <b>Motor Vehicle</b> | <b>Caravan</b> | <b>Office<br/>Equipment/<br/>Improvements</b> | <b>Total</b>  |
|--------------------------------|----------------------|----------------|-----------------------------------------------|---------------|
|                                | <b>\$</b>            | <b>\$</b>      | <b>\$</b>                                     | <b>\$</b>     |
| Balance at 1 July 2020         | 11,831               | 12,321         | 42,346                                        | 66,498        |
| Additions                      | 58,882               | -              | 4,540                                         | 63,422        |
| Disposals                      | -                    | -              | -                                             | -             |
| Depreciation expense           | (20,663)             | (12,321)       | (35,664)                                      | (68,648)      |
| <b>Balance at 30 June 2021</b> | <b>50,050</b>        | <b>-</b>       | <b>11,222</b>                                 | <b>61,272</b> |
| Additions                      | 2,162                | -              | 23,598                                        | 25,760        |
| Disposals                      | -                    | -              | -                                             | -             |
| Depreciation expense           | (10,952)             | -              | (12,414)                                      | (23,366)      |
| FX revaluation                 | (2,458)              | -              | 465                                           | (1,993)       |
| <b>Balance at 30 June 2022</b> | <b>38,802</b>        | <b>-</b>       | <b>22,871</b>                                 | <b>61,673</b> |

**12. TRADE AND OTHER PAYABLES**

|                                         | <b>30 Jun 2022</b> | <b>30 Jun 2021</b> |
|-----------------------------------------|--------------------|--------------------|
|                                         | <b>\$</b>          | <b>\$</b>          |
| Trade creditors and accruals            | 81,370             | 411,481            |
| GST and withholding tax payable         | 8,456              | 14,316             |
| Funds received ahead of capital raising | -                  | -                  |
| Payroll liabilities                     | 67,812             | 80,663             |
|                                         | <b>157,638</b>     | <b>506,460</b>     |

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

**13. RIGHT OF USE LIABILITIES**

|                                      | <b>30 Jun 2022</b> | <b>30 Jun 2021</b> |
|--------------------------------------|--------------------|--------------------|
|                                      | <b>\$</b>          | <b>\$</b>          |
| <b>Current</b>                       |                    |                    |
| Lease liability                      | 15,123             | 13,666             |
| <b>Non-Current</b>                   |                    |                    |
| Lease liability                      | 14,552             | 29,675             |
| <b>Total Current and Non-Current</b> | <b>29,675</b>      | <b>43,341</b>      |

**14. OTHER FINANCIAL LIABILITIES**

|                                | 30 Jun 2022 | 30 Jun 2021 |
|--------------------------------|-------------|-------------|
|                                | \$          | \$          |
| Convertible note liability (a) | 987,066     | 989,852     |
| Contingent consideration (b)   | 13,937      | 209,047     |
|                                | 1,001,003   | 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 convertible 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 than 0.6 cents) 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.

**Key Terms:**

**Amount Issued** 1,000,000 unlisted and unsecured convertible notes of A\$1.00 face value

**Maturity Date** 48 months after deed date

**Interest** 8% per annum simple interest until conversion or redemption

**Minimum Amount** 100,000 notes (or \$100,000)

**Conversion** The notes convert into Conversion Shares on the following formula:

$$\text{Number of Conversion Shares} = \frac{\text{Amount Converted ($) *}}{\text{Conversion Price}}$$

*\* has to be greater than the Minimum Amount*

**Conversion Price** Means either:

- (i) 1.25 multiplied by the price a Company Share is issued under the First Equity Raising; or
- (ii) 1.25 multiplied by a price a Company Share is issued under a Subsequent Lower Priced Equity Raising (if any).

The financial liability has been accounted for as a derivative financial liability with an embedded derivative feature (the **Embedded Derivative**).

**Measurement**

The instrument was initially valued as the total fair value of the embedded derivative and host debt contract at issue date, resulting in the following impact to the Financial Statements during the year ended 30 June 2022.

|                                                                             | Initial Valuation | 30 June 2022 |
|-----------------------------------------------------------------------------|-------------------|--------------|
|                                                                             | \$                | \$           |
| Embedded derivative – financial liability at fair value through profit/loss | (6,988)           | (1,026)      |
| Host debt contract – financial liability at amortised cost <sup>^</sup>     | (933,012)         | (986,040)    |
| Total value of Convertible Note in Statement of Financial Position          | (940,000)         | (987,066)    |

<sup>^</sup> The host debt contract implicit interest rate is 9.75%.

**(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. Movement in the financial liability is as follows:

|                              | 30 Jun 2022 | 30 Jun 2021 |
|------------------------------|-------------|-------------|
|                              | \$          | \$          |
| Opening Balance              | 209,047     | 146,333     |
| (Gain) / loss on revaluation | (195,110)   | 62,714      |
| Closing Balance              | 13,937      | 209,047     |

**15. ISSUED CAPITAL**

|                                       | 30 Jun 2022 | 30 Jun 2021 |
|---------------------------------------|-------------|-------------|
|                                       | \$          | \$          |
| Ordinary shares issued and fully paid | 45,957,349  | 45,957,349  |

**(a) Movements in issued capital**

|                                     |        | 30 June 2022  |            | 30 June 2021  |            |
|-------------------------------------|--------|---------------|------------|---------------|------------|
|                                     | Note   | No.           | \$         | No.           | \$         |
| Balance at beginning of year        |        | 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            |        | -             | -          | -             | (214,133)  |
| Balance at end of year              | (viii) | 1,823,931,760 | 45,957,349 | 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 A was completed in two tranches as follows:
  - Tranche 1 – 229,363,148 Placement A shares which were issued on 24 June 2020; and
  - Tranche 2 – 137,303,518 Placement A 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 – 333,095,440 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.
- (viii) Included in the total 1,823,931,760 shares on issue at 30 June 2022 are 11,000,000 ESP shares, of which 8,250,000 ESP shares have vested and 2,750,000 remain unvested. The ESP shares remain subject to restriction pursuant to the terms under which they have been issued.

### 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 unlisted options over ordinary shares of the Company existed at reporting date:

| <b>Expiry Date</b> | <b>Exercise Price (\$)</b> | <b>Number</b>      |
|--------------------|----------------------------|--------------------|
| 22 August 2022     | 0.0200                     | 120,150,000        |
| 15 October 2022    | 0.0125                     | 10,000,000         |
| 22 August 2023     | 0.0145                     | 37,500,000         |
| 11 December 2023   | 0.010                      | 2,850,000          |
| 11 October 2024    | 0.009                      | 4,300,000          |
| 25 November 2024   | 0.009                      | 8,000,000          |
| 25 November 2025   | 0.011                      | 5,000,000          |
|                    |                            | <u>187,800,000</u> |

**No.***Movements:*

|                                     |                    |
|-------------------------------------|--------------------|
| Options outstanding at 1 July 2020  | 167,650,000        |
| Granted (under ESIP)                | 3,550,000          |
| Lapsed                              | (700,000)          |
| Options outstanding at 30 June 2021 | <u>170,500,000</u> |
| Granted (under ESIP)                | 4,300,000          |
| Granted (directors)                 | 13,000,000         |
| Lapsed                              | -                  |
| Options outstanding at 30 June 2022 | <u>187,800,000</u> |

**(c) Performance rights**

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

| <b>Class</b>         | <b>Expiry Date</b> | <b>No.</b>         |
|----------------------|--------------------|--------------------|
| Class B <sup>1</sup> | 26/08/2022         | 69,682,290         |
| Class C <sup>2</sup> | 26/08/2023         | 69,682,300         |
|                      |                    | <u>139,364,590</u> |

<sup>1</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 on or before 26 August 2022.

<sup>2</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 on or before 26 August 2023.

*Movements:***No.**

|                                                  |                    |
|--------------------------------------------------|--------------------|
| Performance rights outstanding as at 1 July 2020 | 139,364,590        |
| -                                                | -                  |
| Performance rights outstanding at 30 June 2021   | <u>139,364,590</u> |
| -                                                | -                  |
| Performance rights outstanding at 30 June 2022   | <u>139,364,590</u> |

**16. RESERVES**

|                                           | 30 June 2022 | 30 June 2021 |
|-------------------------------------------|--------------|--------------|
|                                           | \$           | \$           |
| Share-based payment reserve (Shares) (a)  | 2,082,668    | 2,071,531    |
| Share-based payment reserve (Options) (b) | 867,722      | 818,914      |
| Foreign currency reserve (c)              | 35,215       | (5,464)      |
|                                           | 2,985,605    | 2,884,981    |

- (a) The share-based payment reserve (shares) relates to shares granted by the Company to its employees. The 2022 movement relates to the share-based payments expense recognised during the year in respect of the ESP.
- (b) The share-based payment reserve (options) relates to options granted by the Company to its employees and Directors. The 2022 movement relates to the share-based payments expense recognised during the year in respect of the ESIP and Director options.
- (c) 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.

**17. LOSS PER SHARE**

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

|                                                                | Unit  | 30 June 2022  | 30 June 2021  |
|----------------------------------------------------------------|-------|---------------|---------------|
| Weighted average number of shares                              | No.   | 1,825,203,385 | 1,362,539,790 |
| (Loss) used in calculation of basic and diluted loss per share | \$    | (3,457,696)   | (2,678,461)   |
| Basic and diluted (loss) per share:                            | cents | (0.189)       | (0.197)       |

**18. CONTINGENT ASSETS AND LIABILITIES***Contingent Assets*

There were no contingent assets at 30 June 2022.

*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 (September 2022); and third payment of CFA 30,000,000 due on before the 2 year anniversary of earn-in commencement date (September 2023); 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.

## 19. 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 \$450,182 in 2022/23 (2021/22: \$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.

|                       | 2022    | 2021      |
|-----------------------|---------|-----------|
|                       | \$      | \$        |
| Up to 1 year          | 450,182 | 741,552   |
| Between 1 and 5 years | 373,470 | 340,632   |
| Later than 5 years    | -       | -         |
|                       | 823,652 | 1,082,184 |

**20. 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:

|                                                          |                | Extent of control |      |
|----------------------------------------------------------|----------------|-------------------|------|
|                                                          | Incorporated   | 2022              | 2021 |
| <b><i>Parent</i></b>                                     |                |                   |      |
| Arrow Minerals Limited                                   | Australia      | -                 | -    |
| <b><i>Controlled entities</i></b>                        |                |                   |      |
| Boromo Gold Pty Ltd                                      | Australia      | 100%              | 100% |
| Gengold Resources Burkina                                | Cayman Islands | 100%              | 100% |
| Gold Square Resources SASU                               | Burkina Faso   | 100%              | 100% |
| Black Star Resources Africa SASU                         | Burkina Faso   | 100%              | 100% |
| Farafina Resources SASU                                  | Burkina Faso   | 100%              | 100% |
| Fofora Resources SASU                                    | Burkina Faso   | 100%              | 100% |
| Arrow (Strickland) Pty Ltd                               | Australia      | 100%              | 100% |
| Arrow (Leasing) Pty Ltd                                  | Australia      | 100%              | 100% |
| Arrow (Deralinya) Pty Ltd                                | Australia      | 100%              | 100% |
| Arrow (Plumridge) Pty Ltd                                | Australia      | 100%              | 100% |
| Arrow (Pardoo) Limited                                   | Australia      | 100%              | 100% |
| Edurus Resources SA                                      | South Africa   | 100%              | 100% |
| <b><i>Interests in entities no longer controlled</i></b> |                |                   |      |
| Arrow (Malinda) Pty Ltd (refer note 25)                  | Australia      | 10%               | 100% |

**(b) Key management personnel disclosures**

The key management personnel compensation includes employee benefits and director compensation expenses as follows:

|                              | 2022           | 2021           |
|------------------------------|----------------|----------------|
|                              | \$             | \$             |
| Short-term employee benefits | 529,313        | 391,500        |
| Termination benefits         | -              | -              |
| Post-employment benefits     | 21,933         | 32,633         |
| Annual leave                 | 297            | 26,124         |
| Long service leave           | -              | -              |
| Equity compensation benefits | 31,401         | 7,252          |
|                              | <u>582,944</u> | <u>457,509</u> |

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 Mitchell River Group Pty Ltd effective 6 July 2016 for the provision of exploration database management services. Mitchell River Group Pty Ltd is a related party of Director Dr Tabeart.

During the year, an amount of \$53,210 (2021: \$22,665) was paid or payable in relation to these services. An amount of \$550 (2021: \$682) was payable at year end.

The Company has entered into a service agreement with GenGold Resources Capital Pty Ltd (**GenGold**) for the hire of minor exploration equipment. Mr McKeith is a related party of GenGold. During the year, an amount of \$13,891 (2021: \$9,000) was paid or payable in relation to this equipment. An amount of nil (2021: \$750) was payable at year end.

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

#### *Unlisted Options issued to Directors*

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

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

<sup>1</sup> Upon resignation on 28 February 2022, Mr Golden held 5,000,000 options.

<sup>2</sup> Options shall vest 25 November 2022 subject to director remaining appointed at this date.

## 21. 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:

|                                                                  | 2022<br>\$    | 2021<br>\$    |
|------------------------------------------------------------------|---------------|---------------|
| Options – Directors (b)                                          | 31,785        | -             |
| Options – Employee Securities Incentive Plan ( <b>ESIP</b> ) (c) | 17,023        | 5,810         |
| Shares – Employee Share Plan ( <b>ESP</b> ) (d)                  | 11,137        | 4,567         |
|                                                                  | <u>59,945</u> | <u>10,377</u> |

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.

**(b) Options – Directors**

During the year, the Company issued the following securities:

- 8,000,000 unlisted options with an exercise price of \$0.009 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 \$0.011 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:

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

**(c) Employee Securities Incentive Plan (ESIP)**

Relates to securities issued to employees pursuant to the Company's Employee Securities Incentive Plan (**ESIP**). The ESIP was approved by shareholders on 11 November 2019.

During the year, the Company issued the following securities:

- 4,300,000 unlisted options exercisable at \$0.009 expiring 11 October 2024 to employees pursuant to the shareholder-approved Employee Securities Incentive Plan (**ESIP**) (**ESIP 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:

|                                  | <b>ESIP Options</b> |
|----------------------------------|---------------------|
| Dividend yield (%)               | Nil                 |
| Expected volatility (%)          | 100%                |
| Risk free interest rate (%)      | 0.58%               |
| Exercise price (\$)              | \$0.009             |
| Marketability discount (%)       | Nil                 |
| Expected life of options (years) | 3                   |
| Share price at grant date (\$)   | \$0.007             |
| Value per option (\$)            | \$0.0040            |

**(d) 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 year for no consideration, in accordance with the ESP.

**(e) Options***Overview of options:*

The Group provides benefits to employees, contractors, consultants and Directors of the Group in the form of share-based payment transactions, whereby employees, contractors, consultants and Directors render services in exchange for options to acquire ordinary shares.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights. Set out below is a summary of the options granted.

|                                          | <b>2022</b>        | <b>2022</b> | <b>2021</b>        | <b>2021</b> |
|------------------------------------------|--------------------|-------------|--------------------|-------------|
|                                          | <b>No. Options</b> | <b>WAEP</b> | <b>No. Options</b> | <b>WAEP</b> |
| Outstanding at the beginning of the year | 170,500,000        | 0.0182      | 167,650,000        | 0.0183      |
| Granted                                  | 17,300,000         | 0.0096      | 3,550,000          | 0.0100      |
| Exercised                                | -                  | -           | -                  | -           |
| Lapsed / expired                         | -                  | -           | (700,000)          | 0.0100      |
| Outstanding at end of the year           | 187,800,000        | 0.0174      | 170,500,000        | 0.0182      |
| Exercisable at end of the year           | 170,500,000        | 0.0182      | 170,500,000        | 0.0182      |

*Additional information:*

There were no unlisted options exercised during the year (2021: nil).

Unlisted options outstanding at 30 June 2022 had a weighted average exercise price of \$0.0174 (2021: \$0.0182) and a weighted average remaining contractual life of 221 days (2021: 509 days).

The weighted average fair value of options granted during the year was \$0.0041 (2021: \$0.0037) per option.

**(f) Employee Share Plan (ESP)****(i) Overview of ESP:**

The issue of shares pursuant to the ESP 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 ESP.

Movements in ESP shares during the year ended 30 June 2022 is summarised as follows:

| Category   | Issue Date | Issue Price | Opening balance 1 July 2021 | Issued | Vested | Cancelled   | Closing balance 30 June 2022 |           |
|------------|------------|-------------|-----------------------------|--------|--------|-------------|------------------------------|-----------|
|            |            |             |                             |        |        |             | Total                        | Vested    |
|            |            | \$ / Share  | No.                         | No.    | No.    | No.         | No.                          | No.       |
| ESP – 2018 | 22/11/2018 | \$0.01485   | 4,700,000                   | -      | -      | (4,700,000) | -                            | -         |
| ESP – 2019 | 19/08/2019 | \$0.01379   | 14,750,000                  | -      | -      | (3,750,000) | 11,000,000                   | 8,250,000 |
|            | Total      |             | 19,450,000                  | -      | -      | (8,450,000) | 11,000,000                   | 8,250,000 |

Movements in ESP shares during the year ended 30 June 2021 is summarised as follows:

| Category   | Issue Date | Issue Price | Opening balance 1 July 2020 | Issued | Vested    | Cancelled   | Closing balance 30 June 2021 |            |
|------------|------------|-------------|-----------------------------|--------|-----------|-------------|------------------------------|------------|
|            |            |             |                             |        |           |             | Total                        | Vested     |
|            |            | \$ / Share  | No.                         | No.    | No.       | No.         | No.                          | No.        |
| ESP – 2017 | 1/12/2017  | \$0.03000   | 3,087,500                   | -      | -         | (3,087,500) | -                            | -          |
| ESP – 2018 | 22/11/2018 | \$0.01485   | 6,200,000                   | -      | -         | (1,500,000) | 4,700,000                    | 4,700,000  |
| ESP – 2019 | 19/08/2019 | \$0.01379   | 15,500,000                  | -      | 7,375,000 | (750,000)   | 14,750,000                   | 11,062,500 |
|            | Total      |             | 24,787,500                  | -      | 7,375,000 | (5,337,500) | 19,450,000                   | 15,762,500 |

(ii) Valuation of ESP shares:

Although these are shares for legal and taxation purposes, Accounting Standards require they be treated as options for accounting purposes. ESP shares are valued applying a Black Scholes model, using inputs for the relevant milestones. 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. There were no ESP shares issued during the year ended 30 June 2022. Milestones attached to the ESP shares on issue at 30 June 2022 are as follows:

| ESP – 2019 Milestones |                                                                                                                                                                                                                                    | Status                       |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| 1                     | Discovery of a mineralised prospect with multiple drill intersections of at least 25 gram metres gold (e.g. two separate drill intersections of 10 metres @ 2.5g/t Au), or gold equivalent.                                        | Achieved on 19 December 2019 |
| 2                     | Discovery of multiple mineralised prospects as defined in Milestone 1.                                                                                                                                                             | Not achieved                 |
| 3                     | Announce a JORC-compliant resource of 500,000oz of gold at a minimum grade of 1.0g/t Au (or equivalent for other metals).                                                                                                          | Not achieved                 |
| 4                     | Combined capital raising of \$2 million through a combination of either equity issues at an average issue price at least 75% of the 15-day VWAP prior to each issue and/or proceeds from asset sales (or farm-out joint ventures). | Achieved on 19 August 2020   |
| 5                     | Total shareholder return over any 12-month period exceeding +50%.                                                                                                                                                                  | Not achieved                 |
| 6                     | Continue to be an employee or Director of AMD until 31 December 2020.                                                                                                                                                              | Achieved on 31 December 2020 |

The achievement of up to four (maximum) of the six milestones listed above will result in 100% of the shares vesting, with 25% of the shares vesting upon the achievement of a milestone. As at 30 June 2022, three of the milestones have been achieved. During the year ended 30 June 2022, the Company bought back, for no

consideration, a total of 3,750,000 shares, including vested and unvested 2019 ESP shares in accordance with the terms of the ESP plan.

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

## 22. OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board in assessing performance and determining the allocation of resources. The Group operates in two segments in the current year, 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.

|                                                                      | <b>Australia</b> | <b>Burkina Faso</b> | <b>Consolidated</b> |
|----------------------------------------------------------------------|------------------|---------------------|---------------------|
|                                                                      | <b>\$</b>        | <b>\$</b>           | <b>\$</b>           |
| <b>Year Ended 30 June 2022</b>                                       |                  |                     |                     |
| Other income                                                         | 365,352          | -                   | 365,352             |
| Total segment revenue                                                | 365,352          | -                   | 365,352             |
| <br>Total comprehensive (loss) from continuing operations before tax | <br>(2,802,998)  | <br>(654,698)       | <br>(3,457,696)     |
| <b>As at 30 June 2022</b>                                            |                  |                     |                     |
| Segment assets                                                       | 1,744,938        | 7,637,416           | 9,382,354           |
| Total assets of the Group                                            |                  |                     | 9,382,354           |
| <br>Segment liabilities                                              | <br>1,121,731    | <br>66,585          | <br>1,188,316       |
| Total liabilities of the Group                                       |                  |                     | 1,188,316           |
| <b>Year Ended 30 June 2021</b>                                       |                  |                     |                     |
| Other income                                                         | 539,928          | -                   | 539,928             |
| Total segment revenue                                                | 539,928          | -                   | 539,928             |
| <br>Total comprehensive (loss) from continuing operations before tax | <br>(2,214,155)  | <br>(464,306)       | <br>(2,678,461)     |
| <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          |
| <br>Segment liabilities                                              | <br>1,681,806    | <br>66,894          | <br>1,748,700       |
| Total liabilities of the Group                                       |                  |                     | 1,748,700           |

## 23. 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 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.

Substantial cash balances are held with recognised institutions with credit rating A-3 or above as a way of 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:

|                                           | 2022           | 2021             |
|-------------------------------------------|----------------|------------------|
|                                           | \$             | \$               |
| Cash and cash equivalents                 | 271,819        | 3,283,858        |
| Trade and other receivables – rental bond | 31,207         | 71,786           |
|                                           | <b>303,026</b> | <b>3,355,644</b> |

Financial assets are neither past due nor impaired.

#### (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 the Group's financial assets and liabilities are:

|                             | Carrying<br>Amount | Up to 6<br>months | 6-12 months | 1-2 years | 2-3 years |
|-----------------------------|--------------------|-------------------|-------------|-----------|-----------|
| 2022                        | \$                 | \$                | \$          | \$        | \$        |
| Cash and cash equivalents   | 271,819            | 271,819           | -           | -         | -         |
| Trade and other receivables | 31,207             | 31,207            | -           | -         | -         |
| Lease liabilities           | (29,675)           | (8,213)           | (8,268)     | (16,481)  | (14,990)  |
| Trade and other payables    | (157,638)          | (157,638)         | -           | -         | -         |
| Convertible note liability  | (987,066)          | (40,110)          | (39,890)    | (80,000)  | -         |
|                             | (871,353)          | 97,065            | (48,158)    | (96,481)  | (14,990)  |

|                             | Carrying<br>Amount | Up to 6<br>months | 6-12 months | 1-2 years | 2-3 years |
|-----------------------------|--------------------|-------------------|-------------|-----------|-----------|
| 2021                        | \$                 | \$                | \$          | \$        | \$        |
| Cash and cash equivalents   | 3,283,858          | 3,283,858         | -           | -         | -         |
| Trade and other receivables | 71,786             | 71,786            | -           | -         | -         |
| Lease liabilities           | (43,341)           | (7,950)           | (7,922)     | (16,481)  | (14,990)  |
| Trade and other payables    | (321,968)          | (321,968)         | -           | -         | -         |
| Convertible note liability  | (989,852)          | (40,110)          | (39,890)    | (80,000)  | (80,000)  |
|                             | 2,000,483          | 2,985,616         | (47,812)    | (96,481)  | (94,990)  |

The maturity profile disclosed are the contractual undiscounted cashflows.

**(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 funding of exploration activities in Africa in Central African Francs (pegged to the EUR) and USD denominated prepayments. The exposure is not considered material.

**Interest rate risk:**

**Exposure to interest rate risk**

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

|                                            | Range of<br>effective<br>interest rate | Carrying<br>amount | Variable<br>interest rate | Fixed interest<br>rate | Total   |
|--------------------------------------------|----------------------------------------|--------------------|---------------------------|------------------------|---------|
|                                            | %                                      | \$                 | \$                        | \$                     | \$      |
| <b>2022</b>                                |                                        |                    |                           |                        |         |
| <b>Financial Assets – Current</b>          |                                        |                    |                           |                        |         |
| Cash and cash equivalents                  | 0 – 0.01                               | 271,819            | 271,819                   | -                      | 271,819 |
| <b>Financial Liabilities – Current</b>     |                                        |                    |                           |                        |         |
| Lease liabilities                          | 6.47                                   | 15,123             |                           | 15,123                 | 15,123  |
| <b>Financial Liabilities – Non-Current</b> |                                        |                    |                           |                        |         |
| Lease liabilities                          | 6.47                                   | 14,552             |                           | 14,552                 | 14,552  |
| Convertible note liability                 | 8.00                                   | 987,066            |                           | 987,066                | 987,066 |

|                                            | Range of<br>effective<br>interest rate | Carrying<br>amount | Variable<br>interest rate | Fixed interest<br>rate | Total     |
|--------------------------------------------|----------------------------------------|--------------------|---------------------------|------------------------|-----------|
| <b>2021</b>                                |                                        |                    |                           |                        |           |
| <b>Financial Assets – Current</b>          |                                        |                    |                           |                        |           |
| Cash and cash equivalents                  | 0 - 2.2                                | 3,283,858          | 3,283,858                 | -                      | 3,283,858 |
| <b>Financial Liabilities – Current</b>     |                                        |                    |                           |                        |           |
| Lease liabilities                          | 6.47                                   | 13,666             | -                         | 13,666                 | 13,666    |
| <b>Financial Liabilities – Non-Current</b> |                                        |                    |                           |                        |           |
| Lease liabilities                          | 6.47                                   | 29,675             | -                         | 29,675                 | 29,675    |

The Group holds the majority of its cash and cash equivalents within a current account attracting a weighted interest rate of 0.0095% pa (2021: 0.08% pa).

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

|                           | Interest rate risk |          |          |          |        |
|---------------------------|--------------------|----------|----------|----------|--------|
|                           | Carrying<br>amount | +100 bps |          | -100 bps |        |
|                           |                    | Profit   | Equity   | Profit   | Equity |
|                           |                    | \$       | \$       | \$       | \$     |
| 2022                      |                    |          |          |          |        |
| Cash and cash equivalents | 271,819            | 2,718    | (2,718)  | (2,718)  | 2,718  |
| 2021                      |                    |          |          |          |        |
| Cash and cash equivalents | 3,283,858          | 32,839   | (32,839) | (32,839) | 32,839 |

#### Fair value of financial instruments

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

|                             | 2022            |            | 2021            |            |
|-----------------------------|-----------------|------------|-----------------|------------|
|                             | Carrying amount | Fair value | Carrying amount | Fair value |
|                             | \$              | \$         | \$              | \$         |
| Cash and cash equivalents   | 271,819         | 271,819    | 3,283,858       | 3,283,858  |
| Trade and other receivables | 31,207          | 31,207     | 71,786          | 71,786     |
| Other financial assets      | 55,556          | 55,556     | -               | -          |
| Lease liabilities           | (29,675)        | (29,675)   | (43,341)        | (43,341)   |
| Trade and other payables    | (157,638)       | (157,638)  | (321,968)       | (321,968)  |
| Convertible note liability  | (987,066)       | (987,066)  | (989,852)       | (989,852)  |
|                             | (815,797)       | (815,797)  | 2,000,483       | 2,000,483  |

The Directors consider the carrying amount of the financial instruments (including cash and cash equivalents, trade and other receivables, and other financial assets) to be a reasonable approximation of their fair value on account of the short maturity cycle. The Directors consider the carrying amount of the financial instruments (including lease liabilities, trade and other payables, and convertible note liability) to be a reasonable approximation of their fair value at 30 June 2022.

### 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 is not traded on an active market. The fair value is based on significant observable inputs (level 3) at the end of the reporting period. These instruments are included in level 3. The significant observable inputs used includes the historical volatility rate and interest rate.

The fair value of the Group's contingent consideration is measured using management's weighted probability of performance milestones being achieved (refer note 15(c) for performance milestones attaching the Performance Rights). These instruments are included in level 3.

|                                            |                   | 2022        |                                                          |                                                        |                                                          |
|--------------------------------------------|-------------------|-------------|----------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------|
|                                            | Date of valuation | Total<br>\$ | Quoted prices<br>in active<br>markets<br>(Level 1)<br>\$ | Significant<br>observable<br>inputs<br>(Level 2)<br>\$ | Significant<br>unobservable<br>inputs<br>(Level 3)<br>\$ |
| <b>Assets measured at fair value:</b>      |                   |             |                                                          |                                                        |                                                          |
| Financial assets (Unlisted Investment)     | 30-Jun-22         | 55,556      | -                                                        | -                                                      | 55,556                                                   |
| <b>Liabilities measured at fair value:</b> |                   |             |                                                          |                                                        |                                                          |
| Convertible notes embedded derivative      | 30-Jun-22         | 1,026       | -                                                        | -                                                      | 1,026                                                    |
| Contingent consideration                   | 30-Jun-22         | 13,937      | -                                                        | -                                                      | 13,937 <sup>1</sup>                                      |

|                                            |                   | 2021        |                                                          |                                                        |                                                          |
|--------------------------------------------|-------------------|-------------|----------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------|
|                                            | Date of valuation | Total<br>\$ | Quoted prices<br>in active<br>markets<br>(Level 1)<br>\$ | Significant<br>observable<br>inputs<br>(Level 2)<br>\$ | Significant<br>unobservable<br>inputs<br>(Level 3)<br>\$ |
| <b>Liabilities measured at fair value:</b> |                   |             |                                                          |                                                        |                                                          |
| Convertible notes embedded derivative      | 30-Jun-21         | 4,328       | -                                                        | -                                                      | 4,328                                                    |
| Contingent consideration                   | 30-Jun-21         | 209,047     | -                                                        | -                                                      | 209,047 <sup>1</sup>                                     |

<sup>1</sup> Refer note 14(b) for details of movement in Level 3 instrument (contingent consideration).

### (d) 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 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.

## 24. PARENT ENTITY INFORMATION

### (a) Financial Position

|                          | 2022             | 2021              |
|--------------------------|------------------|-------------------|
|                          | \$               | \$                |
| <b>ASSETS</b>            |                  |                   |
| Current assets           | 249,452          | 3,283,480         |
| Non-current assets       | 9,066,317        | 9,949,435         |
| <b>TOTAL ASSETS</b>      | <b>9,315,769</b> | <b>13,232,915</b> |
| <b>LIABILITIES</b>       |                  |                   |
| Current liabilities      | 106,176          | 453,231           |
| Non-current liabilities  | 1,015,555        | 1,228,574         |
| <b>TOTAL LIABILITIES</b> | <b>1,121,731</b> | <b>1,681,805</b>  |
| <b>NET ASSETS</b>        | <b>8,194,038</b> | <b>11,551,110</b> |
| <b>EQUITY</b>            |                  |                   |
| Issued capital           | 45,957,349       | 45,957,349        |
| Reserves                 | 2,950,389        | 2,890,445         |
| Accumulated losses       | (40,713,702)     | (37,296,684)      |
| <b>TOTAL EQUITY</b>      | <b>8,194,038</b> | <b>11,551,110</b> |

### (b) Statement of Comprehensive Income

|                                   | 2022               | 2021               |
|-----------------------------------|--------------------|--------------------|
|                                   | \$                 | \$                 |
| (Loss) for the year               | (3,417,018)        | (2,443,847)        |
| Other comprehensive income        | -                  | -                  |
| <b>Total comprehensive (loss)</b> | <b>(3,417,018)</b> | <b>(2,443,847)</b> |

### (c) Commitments

Parent entity commitments are as disclosed within note 19.

### (d) Contingent assets / liabilities

The parent entity does not have any contingent assets or contingent liabilities.

## 25. MALINDA LITHIUM PROJECT TRANSACTIONS

Arrow announced on 23 August 2021 that 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 consisting of three exploration tenements, E09/2169, E09/2170 and E09/2283 in the Gascoyne region of north-western WA. The agreement provided for Electrostate to perform exploration activities on the tenements over an eighteen-month period in addition to cash payments

to Arrow. In respect of this earn-in arrangement, the Company received a total of \$112,967 (included in income at note 2(a)) (consisting of \$60,000 cash consideration and \$52,967 for reimbursement of exploration expenditure).

On 17 March 2022 Arrow announced that it had renegotiated commercial terms with Electrostate. Under the new terms Arrow and Electrostate entered into a Share Sale Agreement (**SSA**) and associated Shareholders' Agreement, pursuant to which Electrostate would purchase a 90% equity interest in Arrow (Malinda) Pty Ltd and Arrow would retain a 10% non-diluting free-carried interest through to a decision to mine. Total cash consideration for the transaction, which completed on 6 April 2022, was \$500,000. This resulted in a gain on disposal of subsidiary of \$202,253 being recognised (included in income at note 2(a)). The retained 10% interest in Arrow (Malinda) Pty Ltd has been classified as an financial asset at 30 June 2022 and is carried at a fair value of \$55,556 (refer note 5).

## 26. SUBSEQUENT EVENTS

### Non-Brokered Private Placement of \$350,000

On 13 July 2022, the Company announced it had received commitments as part of a non-brokered private placement to qualified sophisticated and professional investors to raise \$350,000 via the issue of 58,333,334 shares in the Company at an issue price of \$0.006 per share (**Placement**).

### Divestment of Strickland Copper Gold Project, WA

On 13 July 2022, the Company announced that it has executed a tenement sale and purchase agreement (via its subsidiary) with Dreadnought Resources Ltd (ASX:DRE) (**Dreadnought**) by which Dreadnought will acquire a 100% interest in the Strickland Copper Gold Project (comprising E16/495, E30/493, E30/494, E77/2403, E77/2416, E77/2432, E77/2634) in Western Australia. Settlement of this transaction occurred on 1 August 2022.

Pursuant to the terms of the agreement:

- Arrow received \$20,000 cash payment upon signing of the agreement;
- Arrow received \$280,000 cash payment at settlement;
- Dreadnought issued Arrow 2,350,000 fully paid ordinary shares in Dreadnought at settlement (escrowed until 31 January 2023);
- Arrow will receive a further cash payment of \$300,000 by 30 November 2022;
- On the identification and reporting of JORC compliant inferred mineral resource of >500,000oz gold equivalent Dreadnought will pay Arrow \$1,000,000 cash; and
- Arrow will retain a total 1% Net Smelter Return royalty in relation to minerals mined by or on behalf of Dreadnought on the Strickland Copper Gold Project.

### Non-Binding Term Sheet to Acquire 60.5% in the Simandou North Iron Project

On 13 July 2022, the Company announced that it has executed a non-binding term sheet to acquire up to a 60.5% controlling interest in Amalgamated Minerals Pte. Ltd. (**Amalgamated**), a private Singaporean registered company, which holds a 100% interest in the Simandou North Iron Project in Guinea, West Africa (**Proposed Transaction**).

It should be noted that the current agreement is in the form of a non-binding term sheet. Whilst the parties have entered into this non-binding term sheet willingly and in good faith, there are no guarantees final definitive agreements will be executed or that the Proposed Transaction will proceed.

The key commercial terms upon which Arrow will look to acquire up to a 60.5% interest in Amalgamated under the Proposed Transaction are outlined as follows:

- Arrow to issue 81,250,000 fully paid ordinary Arrow shares for three-month exclusivity option to acquire up to a 60.5% interest in the Simandou North Project through Amalgamated (**Exclusivity Consideration Shares**);
- Subject to satisfactory due diligence and certain conditions precedent, including Arrow obtaining all necessary shareholder approvals, Arrow may purchase a 33.3% interest in Amalgamated from Ropa Investments (Gibraltar) Limited for 500,000,000 fully paid ordinary Arrow shares (**Stage 1**);
- Arrow will look to provide, by way of an unsecured, interest-free shareholder loan, \$2.5 million of exploration expenditure funding for the Simandou North Iron Project within 24 months from Stage 1 completion (**Expenditure Commitment**), which will be repayable in cash by Amalgamated on or before the date that is 15 years after the date on which any part of the loan is first advanced to Amalgamated or such other date as agreed between Arrow and Amalgamated (**Loan**). The Loan will not be convertible into additional shares in Amalgamated;
- If the Expenditure Commitment is satisfied by Arrow and subject to certain conditions precedent, including Arrow obtaining all necessary shareholder approvals, Arrow may purchase a further 27.2% interest in Amalgamated for \$1,000,000, either through the issue of Arrow shares based on a 10-day VWAP or cash, at the sole discretion of Arrow, to receive a controlling 60.5% interest in Amalgamated (**Stage 2**); and
- Arrow and the other Amalgamated shareholders will enter into a shareholders deed to govern, amongst other things, the terms on which future exploration on the Simandou North Iron Project may be progressed and funded.

If Arrow decides to proceed with the Proposed Transaction following its successful and satisfactory completion of the due diligence investigations of Amalgamated and the Simandou North Iron Project, and having entered into definitive binding agreements, Arrow may need to raise additional capital to provide the \$2.5 million Expenditure Commitment and associated Loan. Arrow anticipates that such capital raise will be undertaken in late October 2022 either via an equity placement to professional or sophisticated investors (to which shareholder approval under Listing Rule 7.1 will be sought) or via a shareholder supported rights issue, in both cases and subject to market conditions, at an anticipated issue price of at least \$0.006 per share, being the same issue price as the Placement (**Capital Raise**). Subject to all applicable laws (including any necessary shareholder approvals), existing Amalgamated shareholder Ropa Investments (Gibraltar) Limited, may potentially look to underwrite the Capital Raise.

Arrow engaged the services of CH-Qorum GmbH (an unrelated party) (**Facilitator**) to introduce and engage Amalgamated in relation to the Simandou North Project and act as an exclusive facilitator to Arrow in connection with the proposed transaction. For purposes of facilitating an introduction to Amalgamated and assisting in securing a successful transaction and investment by Arrow in the Simandou North Project, the Facilitator was entitled to be issued 81,250,000 fully paid ordinary shares in Arrow (**Facilitator Fee Shares**).

#### **Sale of remaining 10% interest in Malinda Lithium Project, WA**

On 8 August 2022 the Company announced that it had entered into a Share Sale Agreement with Electrostate for the sale of Arrow's remaining 10% equity interest in Arrow (Malinda) Pty Ltd, the holding company of the Malinda Lithium Project in Western Australia. The total cash consideration for the sale was A\$700,000, which was received upon completion of the transaction on 8 August 2022.

## Shares

A total of 220,833,334 shares were issued subsequent to 30 June 2022, including:

- 58,333,334 shares issued on 14 July 2022 (being the Placement Shares);
- 81,250,000 shares issued on 14 July 2022 (being the Exclusivity Shares); and
- 81,250,000 shares issued on 19 July 2022 (being the Facilitator Fee Shares).

On 19 August 2022, a total of 11,000,000 shares previously issued under the ESP were bought back for no consideration and cancelled.

## Options

On 22 August 2022, a total of 120,150,000 unlisted options exercisable at \$0.02 expired.

## Performance Rights

On 26 August 2022, a total of 69,682,290 performance rights (Class B) expired.

## 27. AUDITOR REMUNERATION

|                                                                  | 2022<br>\$    | 2021<br>\$          |
|------------------------------------------------------------------|---------------|---------------------|
| Auditors' remuneration - for audit or review of financial report |               |                     |
| HLB Mann Judd Services (WA) Pty Ltd                              | 40,000        | -                   |
| Pitcher Partners BA&A Pty Ltd <sup>2</sup>                       | 5,239         | 38,389              |
|                                                                  | <u>45,239</u> | <u>38,389</u>       |
| Auditors' remuneration - for other services                      |               |                     |
| Pitcher Partners (WA) Pty Ltd – Taxation                         | 6,150         | 24,171 <sup>1</sup> |

<sup>1</sup> Includes \$13,000 for tax advice related to Burkina Faso obligations and liabilities.

<sup>2</sup> Pitcher Partners BA&A Pty Ltd were the auditors of the Company until 30 June 2021.

## 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 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 2022 and of its performance for the year ended on that date; and
  - b) complying with Accounting Standards and *Corporations Regulations 2001*; and
2. Subject to the matters described in note 1(b), there are reasonable grounds to believe that the Company 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 2022.
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



Hugh Bresser  
Managing Director

Perth, 2 September 2022

**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 2022, 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 2022 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Material Uncertainty Regarding Going Concern*

We draw attention to Note 1 b) 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 opinion is not modified in respect of this matter.

**hlb.com.au**

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

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

### *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.

In addition to the matter described in the *Material Uncertainty Regarding Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Carrying Value of Exploration and Evaluation Assets</b><br>Refer to Note 10                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group capitalises exploration and evaluation expenditure and as at 30 June 2022 had an exploration and evaluation assets balance of \$8,179,606.</p> <p>Exploration and evaluation expenditure was determined to be a key audit matter as it is important to the users' understanding of the financial statements as a whole and was an area which involved the most audit effort and communication with those charged with governance.</p> | <p>Our procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>- Obtaining an understanding of the key processes associated with management's review of the carrying value of exploration and evaluation expenditure;</li> <li>- Considering the Directors' assessment of potential indicators of impairment in addition to making our own assessment;</li> <li>- Obtaining evidence that the Group has current rights to tenure of its areas of interest;</li> <li>- Considering the nature and extent of planned ongoing activities;</li> <li>- Substantiating a sample of expenditure by agreeing to supporting documentation; and</li> <li>- Examining the disclosures made in the financial report.</li> </ul> |

### *Information Other than the Financial Report and Auditor's Report Thereon*

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 2022, 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 Group 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 have 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 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.
- 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.

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.

### **Report on the Remuneration Report**

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Arrow Minerals Limited for the year ended 30 June 2022 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.



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

**Perth, Western Australia**  
**2 September 2022**



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

## ADDITIONAL INFORMATION

### Shareholder Information

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

Information as at 22 August 2022:

#### 1. Shares on Issue

Total number of issued fully paid ordinary shares is 2,033,765,094.

#### 2. Distribution of Holders

| Spread           | No. of Holders | No. of Shares        | % Issued Capital |
|------------------|----------------|----------------------|------------------|
| 1 – 1,000        | 91             | 10,657               | 0.00%            |
| 1,001 – 5,000    | 80             | 218,915              | 0.01%            |
| 5,001 – 10,000   | 76             | 575,569              | 0.03%            |
| 10,001 – 100,000 | 831            | 39,891,213           | 1.96%            |
| >10,000          | 1,067          | 1,993,068,740        | 98.00%           |
| <b>Total</b>     | <b>2,145</b>   | <b>2,033,765,094</b> | <b>100%</b>      |

#### 3. Unmarketable Parcels

The number of holders of less than a marketable parcel of fully paid shares is 1,146.

#### 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 |
|----------------------------------|-----------------------|-----------------|
| GenGold Resource Capital Pty Ltd | 131,166,670           | 6.45%           |

#### 5. Restricted Securities

There are no shares currently on issue subject to voluntary escrow.

#### 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<br>on issue |
|------------------------------------------------------------|----------------------------------------------------------------------------------------------------|----------------------|------------------------|
| 1                                                          | GENGOLD RESOURCE CAPITAL PTY LTD                                                                   | 131,166,670          | 6.45                   |
| 2                                                          | BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>                                         | 73,950,467           | 3.64                   |
| 3                                                          | MR MARC DOMINIQUE SENES                                                                            | 47,750,000           | 2.35                   |
| 4                                                          | NASDAQ SECURITIES AUSTRALIA PTY LTD <NASDAQ SECURITIES AUS A/C>                                    | 41,666,667           | 2.05                   |
| 5                                                          | CITICORP NOMINEES PTY LIMITED                                                                      | 41,397,379           | 2.04                   |
| 6                                                          | TORRES INVESTMENTS PTY LTD                                                                         | 40,525,843           | 1.99                   |
| 7                                                          | PERTH SELECT SEAFOODS PTY LTD                                                                      | 40,000,000           | 1.97                   |
| 8                                                          | BNP PARIBAS NOMS PTY LTD <DRP>                                                                     | 39,758,682           | 1.95                   |
| 9                                                          | EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>                                                | 37,500,000           | 1.84                   |
| 10                                                         | ZERO NOMINEES PTY LTD                                                                              | 34,482,759           | 1.7                    |
| 11                                                         | TRANSAUSTRALIA GROUP PTY LTD <THE YARRA A/C>                                                       | 30,000,000           | 1.48                   |
| 12                                                         | LHC MINE FINANCE LTD                                                                               | 27,500,000           | 1.35                   |
| 13                                                         | R & K WATSON PTY LTD <R & K WATSON SMSF A/C>                                                       | 26,924,761           | 1.32                   |
| 14                                                         | BALTIS FAMILY SUPER PTY LTD <BALTIS FAMILY SUPER FUND A/C>                                         | 26,055,727           | 1.28                   |
| 15                                                         | PHILIP & JANET TURNER PTY LTD <TURNER FAMILY S/F A/C>                                              | 20,950,000           | 1.03                   |
| 16                                                         | QURAT-UL-AIN KHATRI                                                                                | 20,000,000           | 0.98                   |
| 17                                                         | MR ANDREW CHARLES DUNCAN + MRS MARIA DUNCAN <ANDREW AND MARIA DUNCAN A/C>                          | 18,766,000           | 0.92                   |
| 18                                                         | MR ANDREW CHARLES DUNCAN + MRS MARIA DUNCAN <THE DUNCAN SUPER FUND A/C>                            | 18,766,000           | 0.92                   |
| 19                                                         | MISS NICOLA JANE FRASER + MRS PATRICIA KAY FRASER + MISS STACEY MAREE FRASER <G & P FRASER SF A/C> | 18,000,000           | 0.89                   |
| 20                                                         | MR WALEED KH S A ESBAITAH                                                                          | 17,000,000           | 0.84                   |
| <b>Totals: Top 20 holders of Arrow ORDINARY FULLY PAID</b> |                                                                                                    | <b>752,160,955</b>   | <b>36.98</b>           |
| <b>Total Remaining Holders Balance</b>                     |                                                                                                    | <b>1,281,604,139</b> | <b>63.02</b>           |
| <b>Total Holders Balance</b>                               |                                                                                                    | <b>2,033,765,094</b> | <b>100</b>             |

**9. Unquoted Securities**

As at 22 August 2022 the following securities over un-issued shares were on issue:

- 10,000,000 unlisted options exercisable at \$0.0125 on or before 15 October 2022
- 37,500,000 unlisted options exercisable at \$0.0145 on or before 22 August 2023
- 2,850,000 unlisted options exercisable at \$0.0100 on or before 11 December 2023
- 4,300,000 unlisted options exercisable at \$0.0090 on or before 11 October 2024
- 8,000,000 unlisted options exercisable at \$0.0090 on or before 25 November 2024
- 9,900,000 unlisted options exercisable at \$0.0060 on or before 5 August 2025
- 5,000,000 unlisted options exercisable at \$0.0110 on or before 25 November 2025
- 64,682,290 Class B Performance Rights expiring 26 August 2022
- 64,682,300 Class C Performance Rights expiring 26 August 2023
- 1,000,000 Convertible Notes

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

As at 22 August 2022 the following classes of unquoted securities had holders with greater than 20% of that class on issue as set out below.

|                                                                     | % Interest |
|---------------------------------------------------------------------|------------|
| <b>Options exercisable at \$0.0125 on or before 10 October 2022</b> |            |
| Simon Bolster & Roslyn O'Sullivan <Bolster Family A/C>              | 50.0%      |
| Mr Edward John Baltis                                               | 50.0%      |
| <b>Options exercisable at \$0.0145 on or before 22 August 2023</b>  |            |
| Zenix Nominees Pty Ltd                                              | 96. 0%     |
| <b>Options exercisable at \$0.010 on or before 11 December 2023</b> |            |
| Ulrike Annette Johnstone                                            | 31.6%      |
| Ballo Boureima                                                      | 35.1%      |
| Soro Arouna                                                         | 21.1%      |
| <b>Options exercisable at \$0.009 on or before 11 October 2024</b>  |            |
| Ulrike Annette Johnstone                                            | 31.4%      |
| Ballo Boureima                                                      | 34.9%      |
| Soro Arouna                                                         | 20.9%      |
| <b>Options exercisable at \$0.009 on or before 25 November 2024</b> |            |
| Howard Golden + Ellen Louise Grote                                  | 31.3%      |
| Milagro Ventures Pty Ltd <Milagro Investment A/C>                   | 31.3%      |
| <b>Options exercisable at \$0.006 on or before 8 August 2025</b>    |            |
| Ulrike Annette Johnstone                                            | 25.3%      |
| Ballo Boureima                                                      | 25.3%      |
| Bellatrix Corporate Pty Ltd                                         | 25.3%      |
| <b>Options exercisable at \$0.011 on or before 25 November 2025</b> |            |
| Howard Golden + Ellen Louise Grote                                  | 50.0%      |
| Milagro Ventures Pty Ltd <Milagro Investment A/C>                   | 50.0%      |
| <b>Class B Performance Rights expiring 26 August 2022</b>           |            |
| GenGold Resource Capital Pty Ltd                                    | 100%       |
| <b>Class C Performance Rights expiring 26 August 2023</b>           |            |
| GenGold Resource Capital Pty Ltd                                    | 100%       |
| <b>Convertible Notes</b>                                            |            |
| Budworth Capital Pty Ltd ATF Budworth Capital Trust                 | 42.5%      |
| Seascope Capital Pty Ltd ATF Williams Trading Trust                 | 37.5%      |

## 11. Company Secretary

The names of the Joint Company Secretary are Catherine Grant-Edwards and Melissa Chapman.

## 12. Registered Address

The address of the principal registered office is: Suite 5, 63 Hay Street, Subiaco WA 6008.

### **13. Registers**

The registers of securities are held at the following address:

Advanced Share Registry Service

150 Stirling Highway

Nedlands WA 6009

**Tenement Schedule as at 22 August 2022**

| <b>Tenement ID</b>   | <b>Project</b>      | <b>Holder</b>              | <b>Interest</b> |
|----------------------|---------------------|----------------------------|-----------------|
| 2020-084/MMC/SG/DGCM | Hounde South & Nako | Gold Square Resources Sasu | 100%            |
| 2020-161/MMC/SG/DGCM | Hounde South & Nako | Gold Square Resources Sasu | 100%            |
| 2020-162/MMC/SG/DGCM | Hounde South & Nako | Gold Square Resources Sasu | 100%            |
| 2020-190/MMC/SG/DGCM | Divole East & West  | Gold Square Resources Sasu | 100%            |
| 2020-192/MMC/SG/DGCM | Divole East & West  | Gold Square Resources Sasu | 100%            |
| 2020-193/MMC/SG/DGCM | Divole East & West  | Gold Square Resources Sasu | 100%            |
| 19/047/MMC/SG/DGCM   | Divole East & West  | Farafina Resources Sasu    | 100%            |
| 2020-147/MMC/SG/DGCM | Boulsa              | Farafina Resources Sasu    | 100%            |