

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 MARCH 2018

HIGHLIGHTS:

- \$5.2 million raised through Strategic Investment by Independence Group NL, Oversubscribed Equity Placement and Fraser Range Nickel JV
- Strickland Gold Project – 26,000m aircore programme commenced at T8, T6, T2 and T1
- Malinda Lithium Project – up to 6,000m of RC drilling to commence in Q3 2018
- Binding LOI with TSX-V listed Pacton Gold for the sale and JV of the Pilbara Gold Project

Capital Structure:

ASX Code:	AMD
Share price (27/04/18):	2.7¢
52 week range:	2.3¢ - 10.5¢
Shares on issue (AMD):	306.9m
Options on issue (AMDOA):	120.8m

Board and Management:

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

MARCH QUARTER REVIEW

During the quarter, Arrow Minerals Limited (**Arrow** or the **Company**) entered into an agreement with ASX-listed nickel and gold producer, Independence Group NL (ASX: IGO) for an acquisition and joint venture over the Plumridge Nickel Project plus a cornerstone investment in Arrow for a total of \$2.5 million. IGO now has an 11% interest in Arrow.

Arrow also raised \$2.65m through an oversubscribed equity placement at 2.9¢ with one attaching listed option (AMDOA) for every two shares subscribed for. Shareholder approval has been received for the IGO and equity placements, with a total of \$5.15m (before costs) received by the Company.

At the Strickland Gold Project (previously Barlee Gold Project), Arrow commenced a 26,000m aircore drill programme targeting the T1, T2, T6 and T8 prospects, where significant gold mineralisation was intersected with first-pass drilling in 2017. Drilling at the T8 prospect is now complete with results expected by mid-May. The drill rig is currently at the T6 prospect, where 270 holes are to be completed.

Arrow commenced acquiring an ultra-high resolution aerial imagery and digital terrain map (DTM) over the Malinda Lithium Project. This survey, along with additional geochemical sampling to be undertaken in 2Q 2018, will form the basis of a 5,000-6,000m RC drill programme to commence in July 2018.

During the quarter, Arrow entered into a Letter of Intent with Pacton Gold Inc. (TSXV: PAC) (**Pacton**) by which Pacton can acquire an initial 51% interest through the payment of C\$500,000 in cash and C\$250,000 in Pacton shares. Pacton can increase its interest to 80% through the expenditure of C\$500,000 over 12 months and an additional payment to Arrow of C\$250,000 in Pacton shares.



Figure 1 – Projects location map

STRICKLAND GOLD PROJECT (AMD 100%)

Arrow commenced a major aircore drilling programme at the Company's 100%-owned Strickland Gold Project, located 100km west of Menzies in the Eastern Goldfields of Western Australia (**Figure 2**).

The 26,000m aircore drill programme will focus on the T1, T2, T6 and T8 prospects, where significant gold mineralisation was intersected with first-pass drilling in 2017.

The drill programme commenced at the T8 prospect, where two RC fence-lines were drilled in late 2017, confirming thick, continuous gold mineralisation with multiple high-grade intersections. Some of the better results included:

- 27m @ 0.64 g/t Au from 9m, including:
 - 1m @ 8.95 g/t Au from 14m; and
 - 2m @ 2.19 g/t Au from 9m
- 10m @ 0.78 g/t Au from 7m, including:
 - 1m at 5.99 g/t Au from 11m
- 17m @ 0.74 g/t Au from 22m, including:
 - 8m @ 1.21 g/t Au from 27m

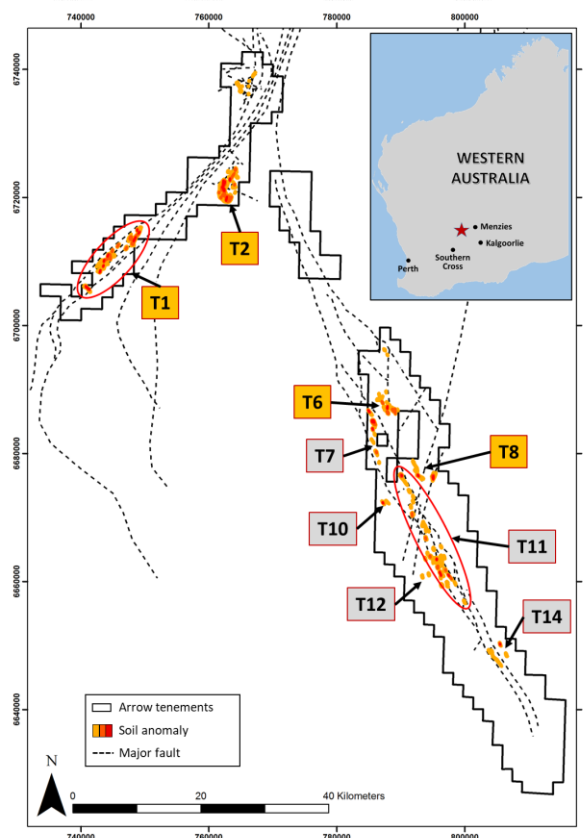


Figure 2 – Barlee Gold Project location map

Drilling at the T8 prospect was completed on a 400m x 80m basis over the entire 2.4km gold-in-soil anomaly. All of the drill samples have been delivered to the assay laboratory in Perth and results from T8 are expected to be received by mid-May 2018 (**Figure 4**).

Drilling has now moved to the T6 prospect, which is defined by a 4.0km x 1.3km gold-in-soil anomaly, adjacent to a late stage granitic intrusion and a project scale NNE trending structure. Over 300 aircore holes are planned to be drilled at T6 to cover the entire soil anomaly and intersect previously identified dacitic porphyry units (**Figure 5**).



Figure 3 – Aircore drilling at the T8 prospect

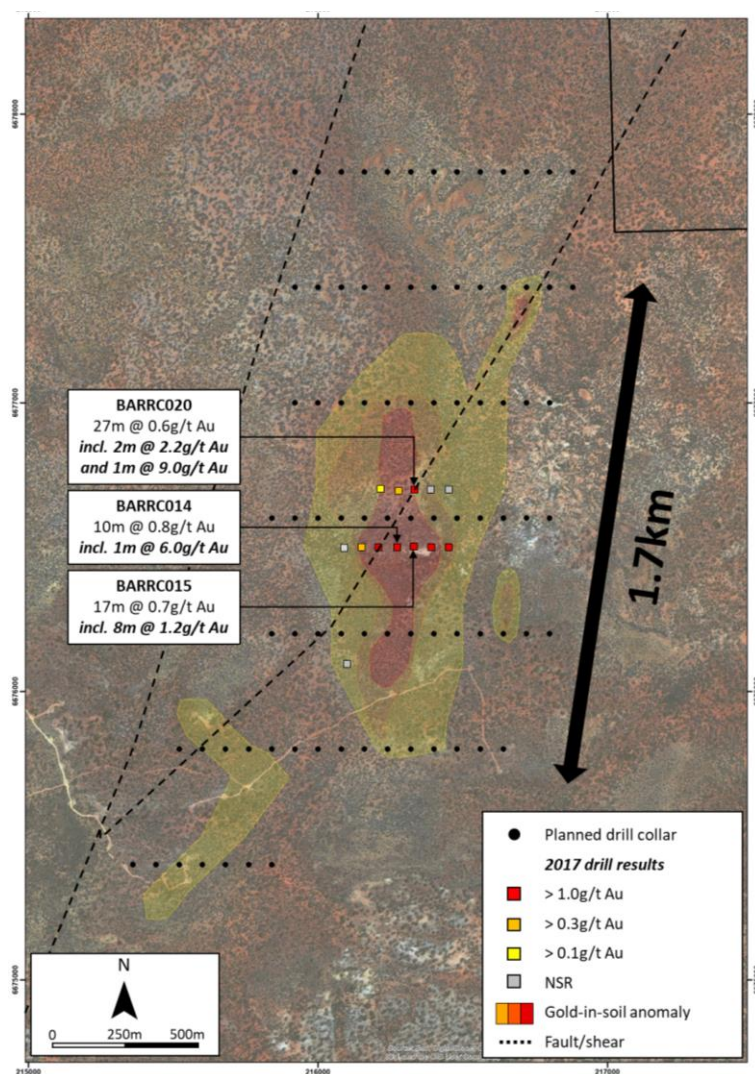


Figure 4 – T8 Prospect with 2017 drill results, gold-in-soil anomaly and planned aircore drill collar locations

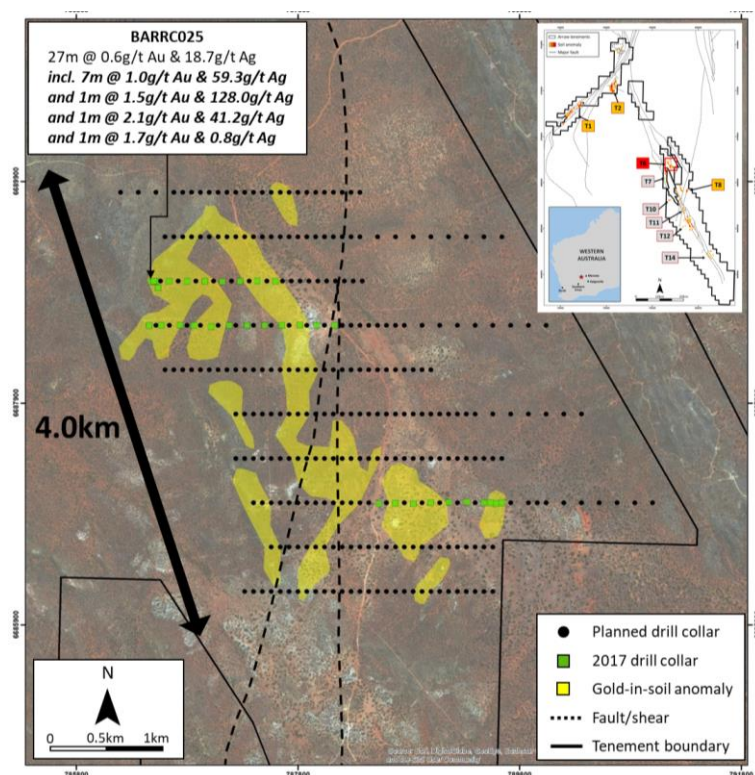


Figure 5 – T6 Prospect with 2017 drill results, gold-in-soil anomaly and planned aircore drill collar locations

MALINDA LITHIUM PROJECT (AMD 100%)

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

Arrow completed a maiden reverse circulation (**RC**) drilling programme of four outcropping pegmatites in September 2017, intersecting up to 2.0% Li₂O (lithium) and over 800ppm Ta₂O₅ (tantalum) (**Figure 6**). In addition, XRD analysis of high-grade lithium samples confirmed the primary lithium-bearing mineral as spodumene.

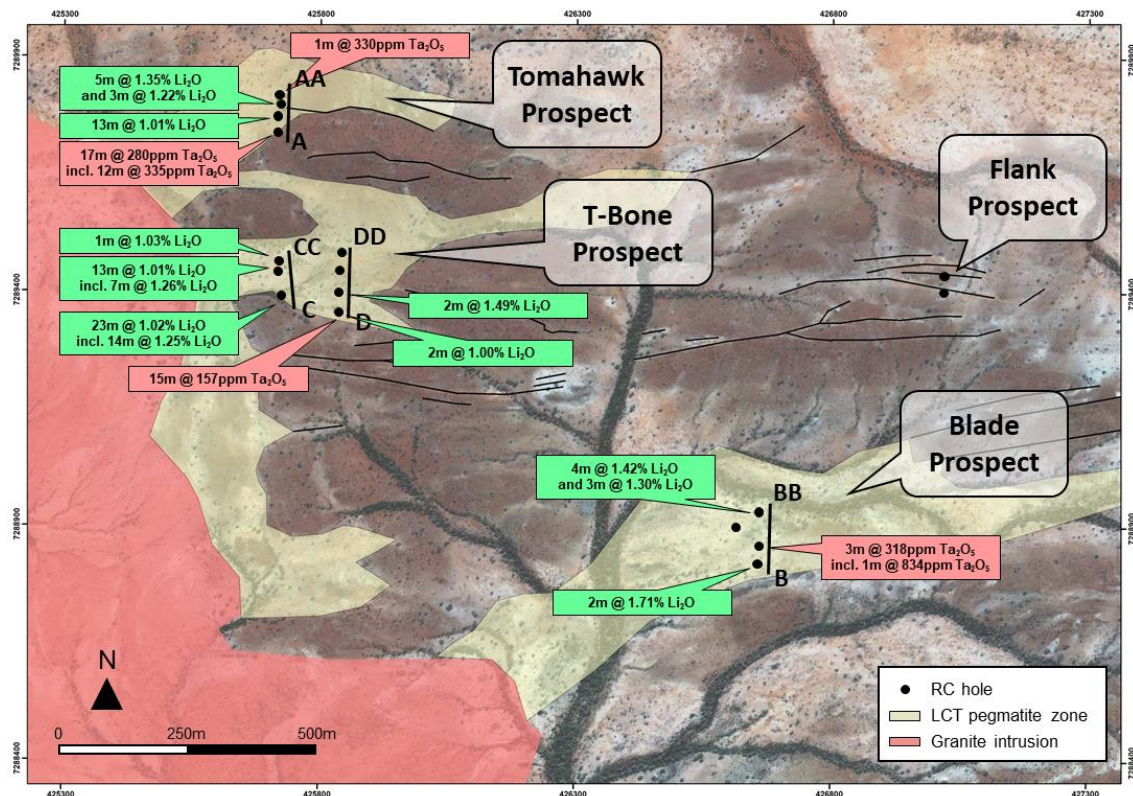


Figure 6 – RC drill results at the Malinda Lithium Project

Arrow is currently acquiring ultra-high resolution aerial imagery and digital terrain map (**DTM**) over the project area. This survey, along with additional geochemical sampling to be undertaken in 2Q 2018, will form the basis of a 5,000-6,000m RC drill programme to commence in July 2018. The drill programme will be designed to test the full strike extent of the Blade, Tomahawk and T-Bone prospects to a vertical depth of 150m. A second phase of in-fill RC drilling is scheduled for late 2018.

PLUMRIDGE NICKEL PROJECT (AMD 49%)

During the quarter, Arrow announced it had entered into an agreement with ASX-listed nickel and gold producer, Independence Group NL (ASX: IGO) (**IGO**) covering the Plumridge Nickel Project (**Project**) together with a cornerstone equity investment in Arrow (**Agreement**) for a total of \$2.5 million. Arrow and IGO have formed the Plumridge Joint Venture (**Plumridge JV**), covering eight exploration licences totalling 2,500km² in the Fraser Range province. IGO has acquired an initial 51% interest in the JV and is the JV manager, while Arrow will hold a 49% interest in the JV.

IGO is the largest tenement holder and explorer in the Fraser Range, with 14,500km² of exploration licences under management (**Figure 7**). In addition, IGO owns a 100% interest in the Nova Nickel Project (**Nova**), which is located 200km south of the Project.

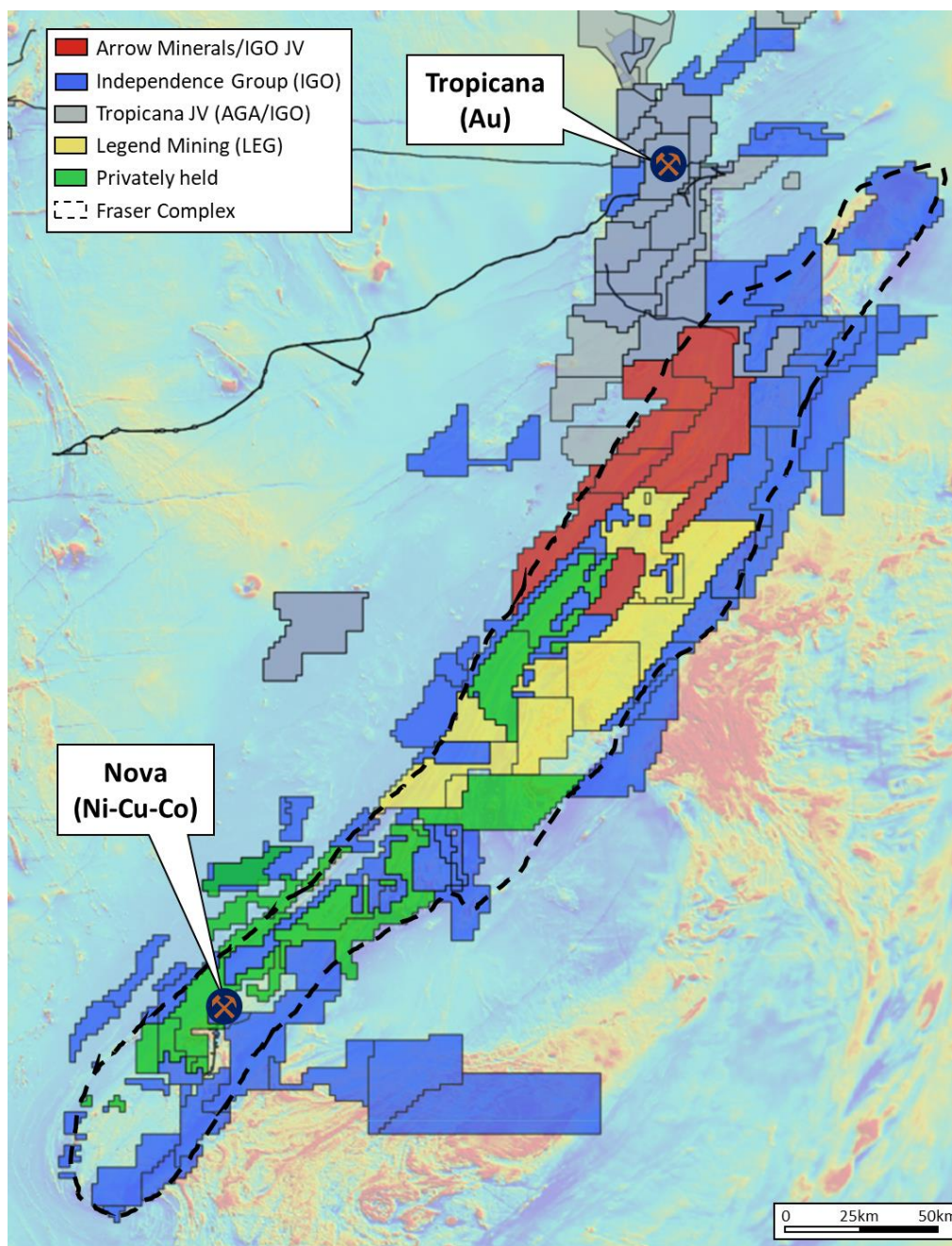


Figure 7 – Fraser Range Province showing Plumridge Nickel JV and other tenement holders

Key Terms of the Agreement with IGO

- IGO acquired a 51% interest in the Project for \$1.5 million;
- IGO can increase its interest in the Project to 90% through the expenditure of \$5 million over four years;
- IGO can accelerate earning its 90% Project interest by paying Arrow cash equal to the amount remaining for the joint venture earn-in;
- IGO has subscribed for a \$1 million placement in Arrow at a price of 2.9¢ per share with one attaching listed option (AMDOA) for every two placement shares; and
- IGO placement shares are subject to escrow provisions and IGO has the right to maintain its strategic equity holding in Arrow, subject to regulatory approval.

During the quarter, IGO commenced an Airborne ElectroMagnetic (**AEM**) survey using the Spectrem-Plus platform over tenement E28/2267. Line spacing is 300m and approximately 1,016 line km have been completed. The AEM (Spectrem) survey is planned to be completed over the entire tenement during the June quarter.

A ground gravity survey has also commenced, with 1910 stations collected over E28/2267 during the quarter. This survey is part of a larger survey covering the Plumridge JV tenure and is ongoing. A total of approximately 5,000 stations will be measured across the area. This survey is to infill the ground gravity survey completed by Arrow in 2014 for the purpose of modelling mafic/ultramafic intrusions that may host Ni-Cu sulphides.

IGO has submitted a Programme of Works (**POW**) to the Department of Mines Industry Regulation and Safety, covering a planned regional aircore drilling programme and follow up RC drilling. This will significantly improve knowledge of the geology of the area and will support geochemical and geological targeting for a range of mineralisation styles, particularly magmatic nickel-copper systems.

PILBARA GOLD PROJECT (AMD 100%, reducing to 49%)

During the quarter, Arrow entered into a Land Access Agreement (**Agreement**) with the leaseholder of Crown Reserve 31427 (**Yandeyarra Reserve**), Mugarinya Community Association Inc (**Mugarinya**). Exploration licence E47/3478 is wholly within Yandeyarra Reserve. The Agreement enables Arrow, with the assistance of Mugarinya, to conduct exploration activities within E47/3478.

Subsequent to the end of the quarter, Arrow announced it had entered into a Letter of Intent (**LOI**) with TSXV-listed Pacton Gold Inc. (TSXV: PAC) (**Pacton**) by which Pacton can acquire up to an 80% interest in Arrow's wholly-owned subsidiary, Arrow (Pilbara) Pty Ltd (**Arrow Pilbara**), which owns two exploration licences and two exploration licence applications in the Pilbara Region of Western Australia (**Figure 8**).

Under the LOI, which will be formalised by a definitive agreement, Pacton can earn an initial 51% ownership interest in Arrow Pilbara (**Tranche 1**) through the payment of C\$500,000 in cash and C\$250,000 in Pacton shares¹.

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

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

Once Pacton has reached an 80% interest in Arrow Pilbara, Arrow will be free-carried for the first C\$5,000,000 of Project expenditure.

Arrow will receive a Discovery Bonus of C\$500,000 in cash upon Pacton publishing a gold resource at the Project of over 100,000 oz in accordance with National Instrument 43-101 (TSXV equivalent of the JORC Code).

In addition, Arrow retains all rights to explore for, mine and extract lithium, caesium and tantalum from the Project.

¹ For further detail, see Company announcement "Pilbara Gold Joint Venture with TSXV-listed Pacton Gold" on 6 April 2018

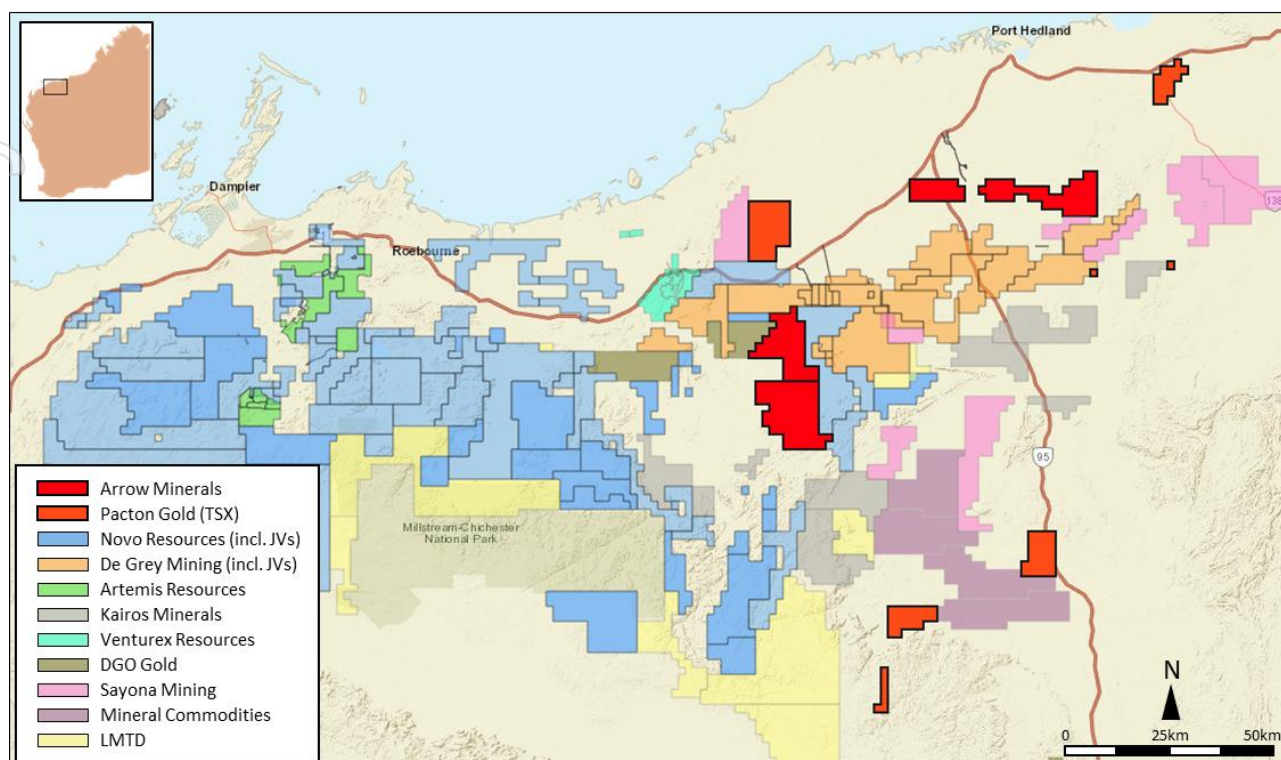


Figure 8 – Pilbara Region showing gold exploration tenement holders (Arrow and Pacton tenements highlighted)

PARDOO NICKEL PROJECT (AMD 20%)

Subsequent to the quarter, the Company's joint venture partner, Caeneus Minerals Limited (ASX: CAD), advised it had completed a 10 hole RC drill programme of eight "Priority 1" anomalies at the Pardoo Nickel Project in October 2017. The RC drill holes ranged from 100 to 300 metres for a total of approximately 1,300 metres. The samples have been submitted for multi element assaying with ALS global with results expected by the end of April 2018.

CORPORATE AND FINANCIAL

Oversubscribed Placement

Arrow completed a placement to sophisticated investors on the same terms as the IGO Placement (being at an issue price of 2.9¢ per share with one option (AMDOA) for every two shares) to raise \$2.65 million (**Placement**). Hartleys Limited acted as Lead Manager to the Placement.

The Placement was heavily oversubscribed with support from new institutional and professional investors together with existing shareholders. The Placement was completed in two tranches, with Tranche 1 (48.75% of the Placement) issued under the Company's existing placement capacities and Tranche 2 (51.25% of Placement shares and 100% of the options to be issued in the Placement) issued on 16 April 2018 following shareholder approval.

Lapse of Options

During the quarter Arrow advised that 428,571 options exercisable at \$0.35 each on or before 18 February 2018 lapsed unexercised.

The capital structure of Arrow is set out below:

Quoted Securities

Ordinary shares on issue (ASX:AMD)	306,976,322
Quoted options exercisable at 10.0¢ on or before 31/12/2019 (ASX:AMDOA)	120,872,133

Unquoted Securities

Unquoted options exercisable at 12.6¢ on or before 3/8/2018	714,285
Unquoted options exercisable at 17.5¢ on or before 30/6/2019	8,571,408
Unquoted options exercisable at 7.0¢ on or before 31/12/2019	13,146,469

For further information visit www.arrowminerals.com.au or contact:

Arrow Minerals Limited

Mr Steven Michael

Managing Director

E: info@arrowminerals.com.au

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Dean Tuck who is a Member of the Australian Institute of Geoscientists. Mr Tuck is a full-time employee of the Company and has more than five years' experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves". Mr Tuck consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Additionally, Mr Tuck confirms that the entity is not aware of any new information or data that materially affects the information contained in the ASX releases referred to in this report.

Appendix A – Schedule of Tenements as at 31 March 2018

Tenement ID	Status	Interest at beginning of quarter	Interest acquired or disposed	Interest at end of quarter
Strickland Gold Project				
E16/495	Granted	100%	0%	100%
E16/498	Application	0%	0%	0%
E30/488	Granted	100%	0%	100%
E30/493	Granted	100%	0%	100%
E30/494	Granted	100%	0%	100%
E77/2403	Granted	100%	0%	100%
E77/2416	Granted	100%	0%	100%
E77/2432	Granted	100%	0%	100%
Malinda Lithium Project				
E09/1618	Granted	35%	0%	35%
E09/2169	Granted	100%	0%	100%
E09/2170	Granted	100%	0%	100%
E09/2171	Granted	100%	0%	100%
E09/2197	Granted	100%	0%	100%
E09/2198	Granted	100%	0%	100%
Plumridge Nickel Joint Venture				
E28/1475	Granted	100%	(51)%	49%
E28/2266	Granted	100%	(51)%	49%
E28/2267	Granted	100%	(51)%	49%
E28/2317	Granted	100%	(51)%	49%
E39/1084	Granted	100%	(51)%	49%
E39/1709	Granted	100%	(51)%	49%
E39/1710	Granted	100%	(51)%	49%
E39/1731	Granted	100%	(51)%	49%
Pilbara Gold Joint Venture				
E45/5042	Application	0%	0%	0%
E45/5042	Application	0%	0%	0%
E47/3476	Granted	100%	0%	100%
E47/3478	Granted	100%	0%	100%
Pardoo Nickel Joint Venture				
E45/1866	Granted	20%	0%	20%
E45/4279	Granted	20%	0%	20%
E45/4671	Granted	20%	0%	20%
Plumridge Gold Project				
E39/1118	Surrendered	100%	(100)%	0%
E39/1830	Surrendered	100%	(100)%	0%
E39/1979	Surrendered	100%	(100)%	0%