



David Flanagan leads recapitalisation and Board restructure aimed at rapidly growing Simandou North Iron Project

Simandou North, located immediately along strike from Rio Tinto's giant Simandou project, has returned high-grade intersections in limited drilling

Highlights

- David Flanagan to be appointed Arrow Managing Director, subject to Arrow shareholder approval
- Mr Flanagan was the founding MD of Atlas Iron, when the company built 5 new iron ore mines in 5 years, is former Executive Chairman of Delta Lithium and former MACA Director
- Experienced director Jeff Dowling to join as Non-Executive Chair, with previous roles including director of Atlas Iron, Chair of Sirius Resources (prior to its takeover by Independence Group) and current Non-Executive Director at NRW, Fleetwood and S2 Resources
- Current Executive Chairman Tommy McKeith (previous Chair of Genesis Minerals and current Non-Executive Director of Evolution Mining) to become a Non-Executive Director
- Arrow to raise up to \$4.0m, comprising a \$3.5m two-tranche Placement at 0.1c per share and an SPP to raise up to an additional \$500,000 at the same price (Equity Raising)
- Mr Flanagan will subscribe for \$175,000 of shares in the Placement, subject to shareholder approval
- Mr Flanagan will be engaged as part-time consultant to Arrow until his appointment as Managing Director, and he (or his nominee) has the right to be issued 865m unlisted zero strike price options (ZEPOs), subject to shareholder approval
- Simandou North adjoins the giant Simandou projects of the Simfer Joint Venture, including Rio Tinto, (Reserve of 1.5Bt at 65% Fe¹) and the Winning Consortium (Reserve of 1.8Bt at 65% Fe²)
- High-grade intercepts were achieved in limited shallow, first-pass drilling of a small portion of the prospective rocks (see ASX release dated 3 October 2023). Results included:
 - 12 metres at 60.1% Fe from 2m; and
 - 4 metres at 58.75% Fe from 10m
- The proceeds of the Equity Raising will be predominantly used to advance exploration at Simandou North, with a focus on executing a high impact drilling programme

Arrow Minerals Limited (ASX: AMD) (**Arrow** or the **Company**) is pleased to announce a recapitalisation and Board restructure which is aimed at unlocking the potentially significant value of its Simandou North iron project in Guinea, West Africa.

Under the plan, highly regarded iron ore executive David Flanagan will be appointed Managing Director. His appointment is subject to shareholder approval.

Mr Flanagan will be engaged as part-time consultant to Arrow until his appointment as Managing Director.

Arrow intends to raise \$3.5m via a two-tranche share Placement at 0.1c per share. Mr Flanagan will subscribe for \$175,000 of shares in the Placement. The remainder of the Placement will be offered to existing and new institutional and sophisticated investors, including current and proposed Directors.

Tranche 1 of the Placement is intended to raise \$450,000, will be conducted under Arrow's existing Listing Rule 7.1 placement capacity and will not be subject to shareholder approval. Tranche 2 of the Placement is intended to raise \$3.05m and will be subject to shareholder approval.

Subject to shareholder approval, existing Arrow shareholders will have the opportunity to participate in a Share Purchase Plan (**SPP**) to raise up to an additional \$500,000 at the same price as the Placement.

Convertible Note

Arrow has reached agreement with holders of its existing \$1m Convertible Note (**CN**) whereby, subject to shareholder approval, the CN holders will convert \$500,000 (50%) of the CN into Arrow ordinary shares at a 25% premium to the equity raising price, resulting in an issue of 400m new shares. In consideration for the early exercise, the CN holders will receive 778m unlisted zero strike price options in Arrow.

Arrow will hold \$500,000 of the Equity Raising proceeds on irrevocable bank guarantee for the repayment of the remaining CN.

Equity Raising

The equity raising will be structured as follows:

- A two-tranche Placement to raise \$3.5m at 0.1c per Arrow share, including:
 - Tranche 1 Placement to raise \$450,000 by the issue of 450m new Arrow shares, under existing Listing Rule 7.1 placement capacity; and
 - Tranche 2 Placement to raise \$3.05m by the issue of 3,050m new Arrow shares, subject to shareholder approval; and
- An SPP to raise up to an additional \$500,000 each at 0.1c per Arrow share by the issue of up to 500m new Arrow shares, subject to shareholder approval,

(together, the **Equity Raising**).

Mr Flanagan (or his nominee) is, subject to shareholder approval, subscribing for \$175,000 of shares in the Placement pursuant to a Subscription Agreement, the key terms of which are outlined in Annexure 3.

¹ Source: Rio Tinto Simandou iron ore project update dated 6 December 2023. <https://www.riotinto.com/en/news/releases/2023/simandou-iron-ore-project-update>

² Source: https://wcsqlobal.com/en/csr_part/project-description#:~:text=Amongst%20iron%20ore%20deposits%20worldwide,of%20more%20than%2065.5wt%25.

Current Directors Tommy McKeith (or his nominee), Alwyn Vorster (or his nominee) and Frazer Tabcart (or his nominee) are subscribing for \$150,000, \$100,000 and \$20,000 in the Placement respectively.

Bernadine Holdings, Arrow's major shareholder currently holding 4.81% of Arrow's issued share capital (expected to increase to 7.7% post the Equity Raising), is subscribing for \$435,000 in the Placement and has agreed in respect of its shares in Arrow (existing and Placement), to an escrow arrangement with Arrow, pursuant to which: (i) half of its existing Arrow shares will be voluntarily escrowed for 6 months; and (ii) all new Arrow shares it receives in the Placement will be voluntarily escrowed for 18 months, in each case from the date hereof with Bernadine Holdings also agreeing to vote in favour of and support all Arrow board recommendations in respect of the Arrow shares it holds at the relevant time, including voting in favour of the resolutions to be put to Arrow shareholders in respect of the various transactions outlined in this announcement. These escrow restrictions will be released upon any change of control event or as may be required by law.

The issue price for the Equity Raising of 0.1c per share represents:

- A 28% discount to the 20-day volume weighted average market price of Arrow shares up to and including 11 December 2023; and
- A 50% discount to the last traded price of Arrow shares.

The New Shares issued under the Placement will rank equally with Arrow's existing shares.

Share Purchase Plan (SPP)

The SPP aims to raise up to A\$500,000 (before costs) and will enable all eligible Arrow shareholders (including retail shareholders) with registered address in Australia and New Zealand at 5:00pm (WST) on the Record Date of Tuesday 12 December 2023 (**Eligible Shareholders**) the opportunity to apply for new shares at the same issue price as the Placement.

Eligible Shareholders will be offered the opportunity under the SPP to apply for up to A\$30,000 worth of new shares (subject to scale back at the Company's absolute discretion). The Company reserves the right to close the SPP early as soon as applications of at least A\$500,000 have been received.

New Shares issued under the SPP will rank equally with Arrow's existing shares. The terms and conditions of the SPP will be set out in a SPP Offer Booklet that will be released on ASX and provided to Eligible Shareholders in accordance with the timetable.

The SPP and the participation of Eligible Shareholders in it remains subject to shareholder approval that will be sought at the same meeting that will consider and, if thought fit, approve the other matters set out in this announcement.

Board Restructure

Mr David Flanagan will be appointed Managing Director of Arrow post shareholder approval of the transaction, with the shareholder meeting to consider and, if thought fit, approve the various matters set out in this announcement anticipated to be held in late January 2024.

Mr Flanagan has entered into a part-time consulting agreement with Arrow and he (or his nominee) has the right to be issued (subject to shareholder approval) 775m zero

strike price options, and 90m zero strike price options which will have vesting hurdles tied to a 50Mt JORC Resource of at least 60% Fe, Arrow increasing its interest in the Simandou North Iron Project up to 60.5%, and completion of a pre-feasibility study on the Simandou North Iron Project. All zero strike options will have a 6 month escrow from signing of the consulting agreement. Key terms of Mr Flanagan's consulting agreement are set out in Annexure 2, and the proposed terms of Mr Flanagan's appointment as Managing Director are set out in Annexure 1.

Subject to shareholder approval, experienced corporate director Mr Jeff Dowling will join the Board as Non-Executive Chairman of Arrow. Mr Dowling's current directorships include NRW Holdings and Fleetwood Limited. Mr Dowling (or his nominee) will have the right to be issued 100m zero strike price options (subject to shareholder approval). Key terms of Mr Dowling's appointment are set out in Annexure 1.

Current Executive Chairman Mr Tommy McKeith will become a Non-Executive Director and will have the right to be issued 100m zero strike price options, escrowed for 6 months from the date of this announcement (released upon any change of control event), for his role in originating and facilitating the recapitalisation. Mr Alwyn Vorster will remain as Non-Executive Director while Dr Frazer Tabcart will resign from the board on completion of the recapitalisation.

The Board restructure brings a wealth of experience, knowledge, and networks to Arrow and the profiles of the new Board members are outlined below.

David Flanagan

Mr Flanagan is a respected Western Australian geologist and mining executive with more than 30 years' experience in mining operations and resource development in Australia, Indonesia and Africa. He completed his studies at Curtin's Western Australian School of Mines in Kalgoorlie, is a Fellow of the Australian Institute of Company Directors. Mr Flanagan was the founder and Managing Director of Atlas Iron Limited and Executive Chair of Delta Lithium. During his time with Atlas, he oversaw its growth from a junior explorer to an ASX top 50 company, starting 5 iron ore mines. Atlas was acquired by Hancock Prospecting in 2018. At Delta Lithium, Mr Flanagan grew resources at both Yinnetharra and the Mt Ida lithium projects, accelerated a near term production plan and brought in Idemitsu Australia as a strategic shareholder. He was also a director of MACA prior to its takeover by Thiess Group Holdings.

Jeff Dowling

Mr Dowling is a highly experienced corporate leader with 36 years' experience in professional services with Ernst & Young. He has held numerous leadership roles within Ernst & Young which focused on the mining, oil and gas and other industries. His professional expertise centres around audit, risk and financial acumen derived from acting as lead partner on large public company audits, capital raisings and corporate transactions. Mr Dowling's career with Ernst & Young culminated in his appointment as Managing Partner of the Ernst & Young Western Region for a period of five years. He also led Ernst & Young's Oceania China Business Group, responsible for building Ernst & Young's Oceania relationships with Chinese Corporations. Mr Dowling served as a director of Atlas Iron and also as Chair of Sirius Resources prior to its takeover by Independence Group. Mr Dowling is currently a Non-Executive Director at NRW Holdings Limited, Fleetwood Corporation Limited and S2 Resources Limited.

Use of funds

The proceeds of the Equity Raising will be applied towards:

- exploration activities at the Simandou North Iron Project, including but not limited to drilling, geophysical surveys and mapping, environmental studies and metallurgical studies;
- \$500,000 in bank guarantees to the Convertible Note holders to cover the balance of the remaining 500,000 convertible notes at maturity (if not converted prior);
- maintaining interests in the Company's Burkina Faso projects; and
- costs of the transaction and general working capital purposes.

Capital structure on completion of the Equity Raising and Board restructure

On the basis that Arrow obtains shareholder approval and completes the Equity Raising, Arrow's indicative capital structure is estimated to be as follows, subject to rounding:

In millions	Number of Shares	Number of Options	Number of Performance Rights
Balance at the date of this announcement	3,024	397	51
To be issued under the T1 Placement	450		
To be issued under the T2 Placement	3,050		
To be issued under the SPP	500		
Advisor & Broker fees payable in shares	160		
Consultant ZEPOs to Mr Flanagan (or nominee)		775	
Consultant ZEPOs to Mr Flanagan (or nominee) subject to vesting milestones		90	
CN Conversion and ZEPOs to Convertible Note Holders	400	778	
Director Options		200	
Balance after Equity Raising	7,584	2,240	51

Note: in addition, there will be 500,000 convertible notes with a face value of A\$1.00 maturing on 15 June 2024

Indicative timetable

The indicative timetable for the Equity Raising is as follows:

Event	Timing
Placement Book Opens	Tuesday, 12 December 2023
Placement Book Closes	1pm Tuesday, 12 December 2023
Record Date of SPP	5.00pm Tuesday, 12 December 2023
Announcement of Placement and Return to Trading on ASX	Wednesday, 13 December 2023
DvP Settlement – Tranche 1	Wednesday, 20 December 2023
Allotment and Normal Trading of Tranche 1 New Shares	Thursday, 21 December 2023
Anticipated General Meeting to approve the Transaction	Indicatively, late January 2024
DvP Settlement – Tranche 2	Indicatively, late January 2024
Share Purchase Plan Opens	Indicatively, late January 2024

The above timetable is indicative only and all dates are subject to change, with any such change likely to have consequential effects of other anticipated dates in the indicative timetable.

Board Recommendation

The Board of Arrow has unanimously recommended the Equity Raising and Board restructure as set out in this announcement to Arrow shareholders as at the date of this announcement and that shareholders vote in favour of the resolutions set out below.

Shareholder Approvals

Shareholders will, in due course, receive a Notice of Meeting and Explanatory Memorandum. This material will describe more fully the Equity Raising including the associated risks and impact of this on shareholders.

Shareholders will be asked to consider and, if thought fit, approve the following resolutions at the shareholder meeting:

Inter-conditional resolutions will include:

- Approval of the Tranche 2 Placement
- Approval to issue options to David Flanagan (Managing Director)
- Approval to issue options to Jeff Dowling (Non-Executive Chairman)
- Approval to issue options to convertible note holders
- Approval of shares to advisers to the Transaction
- Approval of shares to brokers to the Transaction

Other resolution to be put to shareholders at the meeting will include:

- Approval of the share purchase plan
- Approval of Tranche 2 Placement shares to any directors
- Approval to issue options to Tommy McKeith (Non-Executive Director)

The companies two largest shareholders, Gengold Resource Capital and Bernadine Holding, have committed to vote all shares they own at the time of the vote for all the

resolutions they are eligible to vote on. Post the Equity Raising, Gengold is expected to own ~1.7% of undiluted issued capital and Bernadine ~7.7%³.

Advisers

Sternship Advisers acted as financial adviser and Thomson Geer acted as legal adviser to the Company on the Equity Raising.

Euroz Hartleys Limited acted as Lead Manager to the Placement.

This announcement is intended to lift the trading halt of the Company's ordinary securities.

Announcement authorised for release by the Board of Arrow.

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

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JORC Code 2012 Compliance Statement

The technical information contained within this announcement relating to exploration results is extracted from the announcement made by Arrow Minerals Ltd to the ASX on 3 October 2023 titled "Scout Diamond Drilling Confirms High Grade Iron Potential" which is available to view on www.arrowminerals.com.au. The company confirms that is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

About Arrow Minerals

Arrow Minerals has a strategy of delivering long-term value to shareholders through the discovery and development of economic mineral deposits in West Africa. Arrow has beneficial rights of 33.3% in the Simandou North Iron Project, Guinea and a clear road map to extend these rights to 100% by delivering on key milestones (AMD ASX Announcement 30 August 2023). Arrow aims to systematically advance the Simandou North Iron Project over the coming months to identify areas of high-grade iron within the project area and realise the potential value released through the major infrastructural upgrades, rail and port, underway in the region.

³ Bernadine Holding post the Equity Raising will own ~581m shares (~7.7% of issued capital). Gengold Resources Capital Pty Ltd will own ~131m shares (~1.7% of issued capital).

Annexure 1 – Board Contracts

Material terms of David Flanagan's appointment as Managing Director are as follows:

- Appointment of David Flanagan as Managing Director by on or around the end of January 2024.
- Annual remuneration of \$350,000 per annum, inclusive of superannuation.
- Eligibility to be awarded long term and short term incentives at the discretion of the Board.
- Annual leave of four weeks accruing monthly.
- Notice period of twelve months, with payment in lieu of notice.
- Good leaver provisions where Mr Flanagan, as Managing Director, ceases employment in any of the following circumstances:
 - o the Managing Director and the Board have agreed in writing that the Managing Director has entered into bona fide retirement;
 - o the Managing Director and the Board have agreed in writing that the Managing Director's role has been made redundant;
 - o the Board has determined that the Managing Director is no longer able to perform their duties due to poor health, injury or disability;
 - o the Managing Director's death; or
 - o any other circumstance determined by the Board in writing.
- No probationary period.

The material terms of Jeff Dowling's appointment as Non-Executive Chairman are as follows:

- Annual remuneration of \$75,000 per annum, excluding superannuation.
- 100,000,000 unlisted options, with zero exercise price, with an expiry date three years after the date of issue.
- The options will vest immediately upon issue.
- The issue of the options is subject to shareholder approval.

Annexure 2 – David Flanagan’s Consultancy Agreement

The material terms of David Flanagan's engagement as consultant to Arrow are as follows:

- Appointment of David Flanagan as consultant from 12 December 2023 until the earlier of 29 February 2024 and the date on which he commences as Managing Director of Arrow.
- Consulting services include providing strategic advice to Arrow from time to time as requested by Arrow and providing technical input on Arrow's assets.
- Hourly fee of \$200 (plus GST if applicable).
- Invitation for David Flanagan (or his nominee) to apply for:

Class	Number	Exercise Price	Expiry Date	Vesting Condition
Tranche A	775,000,000	Nil	3 years from the date of issue	Nil
Tranche B	30,000,000	Nil	4 years from the date of issue	Public announcement by the Company that the Company and its subsidiaries has delineated a JORC Code 2012 Mineral Resource greater than 50 million tonnes of at least 60% Fe
Tranche C	30,000,000	Nil	4 years from the date of issue	Public announcement by the Company of the increase in its interest in the Simandou North Iron Project to 60.5%
Tranche D	30,000,000	Nil	4 years from the date of issue	Public announcement by the Company of the completion of a pre-feasibility study for its Simandou North Iron Project

- If David Flanagan exercises any options within six (6) months from the date of his offer letter (**Escrow Period**), any Arrow shares issued upon the exercise of such options will be subject to voluntary escrow for the balance of the Escrow Period (released upon any change of control event).
- The issue of the above consultant options is subject to Arrow obtaining all necessary shareholder approvals under the ASX Listing Rules and the Corporations Act 2001 (Cth). The Company proposes to seek these approvals at a general meeting of the Company to be held in late January.

Annexure 3 – David Flanagan’s subscription agreement

The material terms of David Flanagan's subscription agreement are as follows:

- David Flanagan agrees to subscribe \$175,000 for 175m new Arrow shares under the Placement for \$0.001 per new Arrow share.
- David Flanagan's subscription is conditional on Arrow obtaining all necessary shareholder approvals under the ASX Listing Rules and the Corporations Act 2001 (Cth).
- The Company proposes to seek these approvals at a general meeting of the Company to be held in late January 2024.
- The agreement includes customary representations and warranties on Arrow.

Annexure 4 – Voting power of Mr Flanagan in Arrow

Expected Voting Power in Arrow post completion of the Placement¹,

Scenarios	No options are exercised	All issued options are exercised/vested	Only Mr Flangan's options are exercised/vested
Mr Flanagan's direct and indirect holdings	2.5%	11.1%	13.1%

Notes:

1. Assumes Arrow does not issue any securities after the date of this announcement except as disclosed in this announcement

Expected Voting Power in Arrow post completion of the Placement and SPP¹,

Scenarios	No options are exercised	All issued options and performance rights are exercised/vested	Only Mr Flangan's options and performance rights are exercised/vested
Mr Flanagan's direct and indirect holdings	2.3%	10.5%	12.3%

Notes:

1. Assumes Arrow does not issue any securities after the date of this announcement except as disclosed in this announcement