

23 August 2021

ARROW INKS AGREEMENT TO ADVANCE MALINDA LITHIUM

Arrow Minerals Limited (ASX: AMD) (**Arrow**) is pleased to announce that it has signed a binding term sheet (**Agreement**) that sets out terms for 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.

The Agreement covers three exploration tenements, E09/2169, E09/2170 and E09/2283 in the Gascoyne region of north-western WA. The Agreement provides for Electrostate to perform exploration activities on the tenements over an eighteen-month period in addition to cash payments to Arrow. Under the Agreement Electrostate will be motivated to aggressively explore the Malinda lithium tenements while Arrow focusses on its high-quality gold and base metals assets.

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 (*see ASX announcement from 9 October 2017*). Arrow has previously completed geochemical, geophysical, hyperspectral and drilling work on the tenements resulting in several excellent drill intersections including:

- 23m @ 0.98% Li₂O
- 2m @ 1.71% Li₂O
- 11m @ 323ppm Ta₂O₅

The Agreement in summary includes the following (see **Appendix 1** for details):

- Electrostate will pay Arrow an initial consideration of \$60,000.
- Electrostate will issue to Arrow 5% of the fully paid, ordinary shares in the capital of Electrostate upon its listing.
- Electrostate will earn a 75% interest in the tenements by sole funding A\$1,000,000 over eighteen months.
- Electrostate may elect to earn a further 10% of the project through an additional A\$290,000 payment.
- Electrostate will sole fund all activities through to a pre-feasibility study.
- After a pre-feasibility study an Arrow-Electrostate joint venture will operate the project based on their respective ownership percentages.
- Arrow may then fund proportionally, dilute, or convert to a 1% NSR.

Arrow's Chief Executive Officer, Mr Howard Golden, said:

"This agreement has significant upside for Arrow as well as our earn-in partner Electrostate. This allows the highly prospective Malinda project to be rapidly advanced while allowing Arrow to focus on its high priority base and precious metals projects in Burkina Faso and Western Australia. The exposure to a successful outcome in the lithium space puts Arrow in a position to quickly benefit from the rapidly expanding energy minerals market.

We look forward to continuing our successful exploration efforts in Africa and Australia and anticipate that the Malinda project will move forward rapidly to a mutually beneficial result."

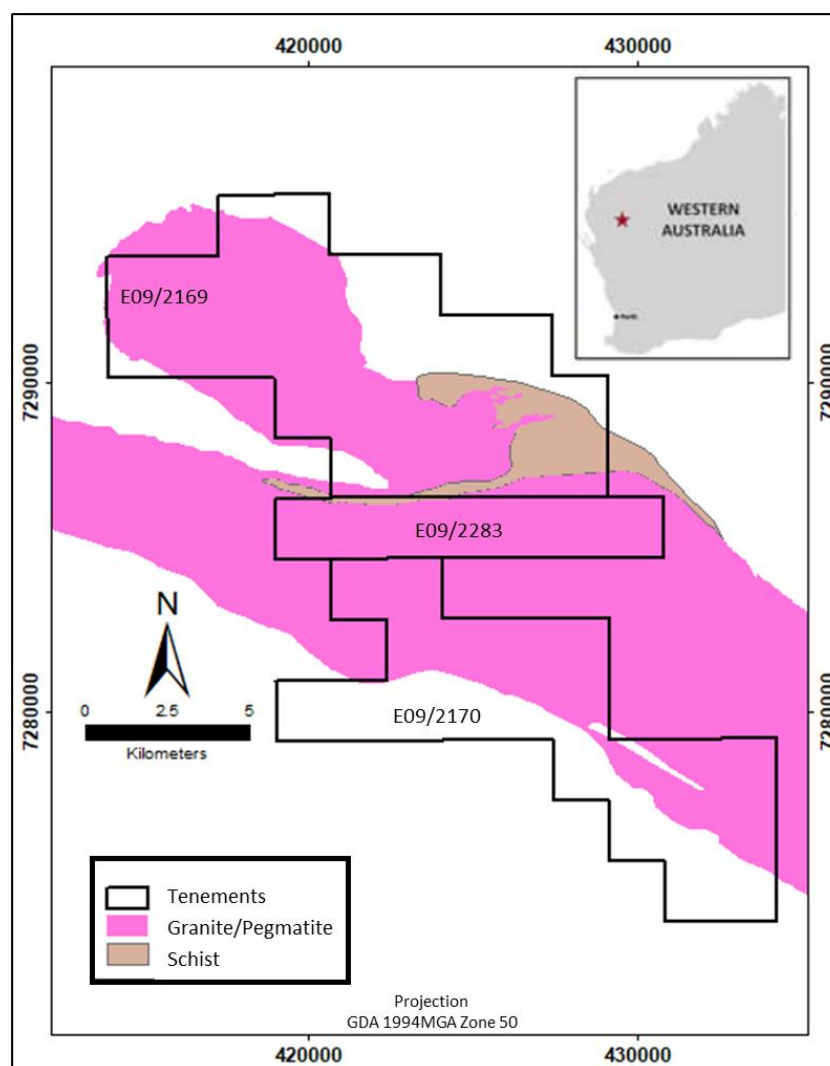


Figure 1 Location of Malinda tenements with simplified geology

Announcement authorised for release by Howard Golden, Managing Director of Arrow Minerals.

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

Arrow Minerals Limited

Mr Howard Golden

Managing Director

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Competent Persons Statement

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

There is information in this announcement relating to lithium and spodumene results at the Malinda Lithium Project which was previously announced by Segue Resources Ltd (now Arrow) on 9 October 2017.

Appendix 1 – Summary of the Key Terms and Conditions of the Earn-in Agreement

Due Diligence	This agreement is conditional upon Electrostate conducting and completing a due diligence review of the Joint Venture Assets to its sole and absolute satisfaction by no later than the date that is 14 days after but not including the Commencement Date.				
Consideration	<p>As initial consideration for entering into the Earn-in, Electrostate will pay to Arrow the amount of A\$60,000.</p> <p>Electrostate will be responsible for maintaining the Tenements in good standing during the Earn-in Period.</p> <p>As deferred consideration for entering into the Earn-in, Electrostate will issue to Arrow the amount of fully paid, ordinary shares in the capital of:</p> <ul style="list-style-type: none"> (i) Electrostate, upon the completion of the initial public offering of Electrostate's shares on a recognised securities exchange; or (ii) an alternative entity, at the end of the period of 2 years from the Commencement Date, should Electrostate not complete the initial public offering within this 2 year period. <p>that will give Arrow a 5% interest in Electrostate or the alternative entity on a fully diluted basis after the issue of those shares.</p>				
Earn-in Period	Electrostate may earn a 75% interest in the Joint Venture Assets by sole funding A\$1,000,000 Exploration Expenditure within an 18 month period.				
Manager during Earn-in Period	During the Earn-in Period, Electrostate will be the manager of the Joint Venture				
Additional Interest	<p>Within a 2 year period from the date that:</p> <ul style="list-style-type: none"> (a) the Earn-in has been satisfied; and (b) the Initial Consideration and the Deferred Consideration have been paid or issued (as applicable) to Arrow, <p>and provided all of the Tenements are in good standing, Electrostate may elect to purchase an additional 10% interest in the Joint Venture Assets for a cash payment of A\$290,000.</p>				
Joint Venture Structure	<p>Upon Electrostate completing the Earn-in, an unincorporated exploration joint venture for the exploration and evaluation of all minerals within the Tenements will be deemed to have been established.</p> <p>The initial percentage interests of the Parties as at the Joint Venture Commencement Date will be:</p> <table border="0"> <tr> <td>Arrow:</td> <td>25%</td> </tr> <tr> <td>Electrostate:</td> <td>75%</td> </tr> </table>	Arrow:	25%	Electrostate:	75%
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Funding	<p>From the Joint Venture Commencement Date until a pre-feasibility study has been completed in relation to all or part of the Joint Venture Assets, Electrostate will sole fund all Joint Venture activities.</p> <p>For each financial year from the date a pre-feasibility study has been completed, Arrow may:</p> <ul style="list-style-type: none"> (a) contribute to Exploration Expenditure and all other costs of the Joint Venture in proportion to Arrow's then Percentage Interest; or (b) have its Percentage Interest diluted, calculated by a standard dilutionary mechanism. 				

Minimum Interest	If Arrow's interest in the Joint Venture Assets is diluted to below 10%, Arrow's Percentage Interest will automatically convert to a 1% NSR royalty on any minerals produced and sold from the Tenements.
Manager of Joint Venture	From the Joint Venture Commencement Date, Electorate will be the manager of the Joint Venture.
Joint Venture Committee	<p>On and from the Joint Venture Commencement Date, the Parties will form a Joint Venture committee (Joint Venture Committee).</p> <p>The Joint Venture Committee will have oversight of Joint Venture activities and all other matters affecting the Joint Venture.</p> <p>As part of its responsibilities the Joint Venture Committee will review, consider and if so decided approve any decision to mine on any part of the Joint Venture Assets (Decision to Mine).</p>
Decision to Mine	<p>Following a Decision to Mine by the Joint Venture Committee:</p> <p>(a) the Parties will negotiate in good faith and enter into a production joint venture agreement over the production area subject to the Decision to Mine (Production Area) secured by cross security; and</p> <p>(b) the Production Area will be excised from the area of the Joint Venture and will cease to be subject to the terms of the Formal Agreement.</p>
Area of Interest	<p>If from the Joint Venture Commencement Date a Party or a Related Body Corporate of a Party has acquired or applied for any direct or indirect interest in a mining tenement, property or any other interest relating to minerals:</p> <p>(a) which relates to any land which is within, wholly or in part, the area:</p> <p>(i) subject to a Tenement; or</p> <p>(ii) which is within 2,000 metres of the boundary of a Tenement;</p> <p>that Party must bring to the attention of and offer or procure an offer in writing to the other Party the opportunity to acquire the New Interest as part of Joint Venture Assets on terms not less favourable to the other Participant than the terms offered, or proposed to be offered, to the Notifying Party.</p>
Withdrawal	Subject to all the Tenements being in good standing, Electorate may withdraw, with 1 months' notice to Arrow, from the Earn-in or the Joint Venture at any time.