



Pic: Tony Garcia/Stone via Getty Images

## Arrow Minerals makes bold play for Simandou iron ore range

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**Move over Rio Tinto, West African gold junior Arrow Minerals has made a stunning play on tenements adjacent to the Simandou Range, the world's largest and best undeveloped deposit of high grade iron ore.**

Arrow (ASX:AMD) this morning announced a non-binding term sheet to secure 60.5% of the Simandou North Iron Project, located immediately north of the famous iron ore deposit, estimated to contain around 8.6Bt of high grade iron ore.

Described as the “Rolls Royce of iron ore” last year by Rio Tinto executive Bold Baatar, just Rio's 45% share of two of the four blocks that comprise the Simandou project contains 2Bt at 65.5% iron.

In iron ore the higher the grade the higher the price, with Simandou rating beyond even the 65% index usually reserved for Brazilian ores, which typically attracts a major premium over the 62% Fe benchmark.

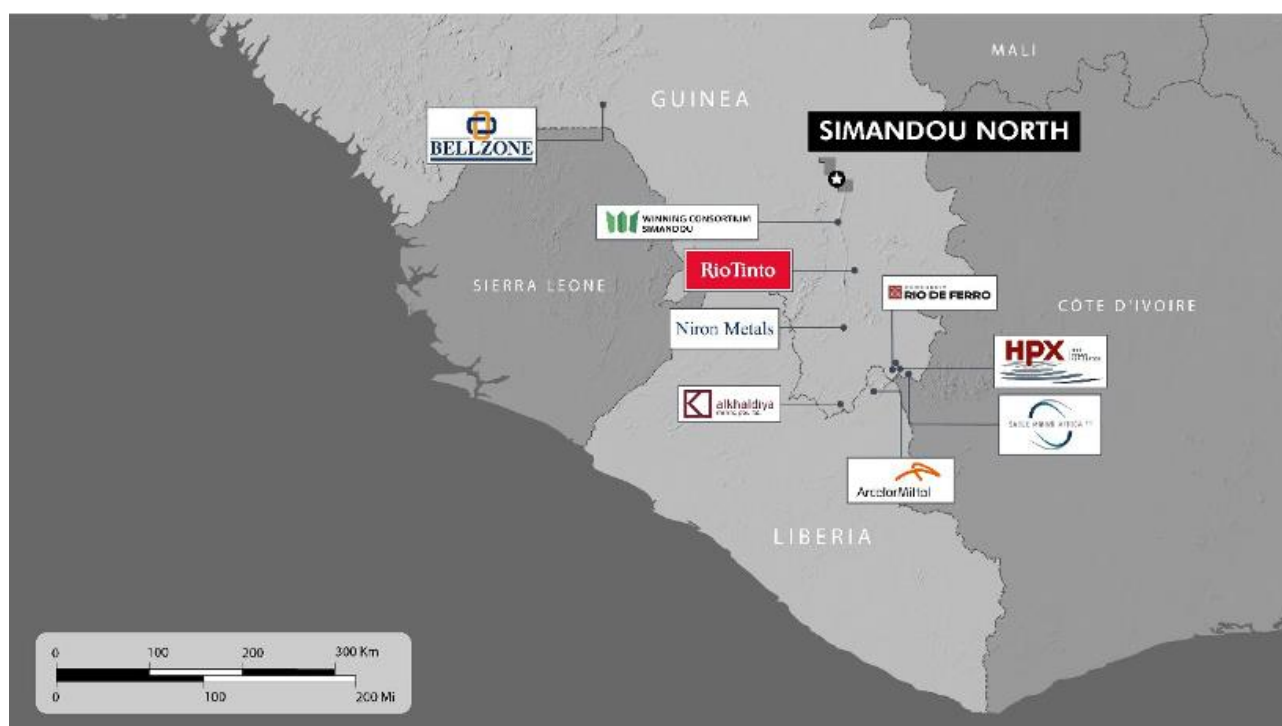
By contrast the Pilbara majors currently ship at an average grade of around 60-61%.

Simandou North is no simple nearology play. Historical work by BSGR and Vale from the early to mid 2000s confirmed the continuation of the iron hosting Simandou Group stratigraphy into the Simandou North permit.

“We are excited to be able to provide shareholders with exposure to this extraordinary opportunity,” Arrow managing director Hugh Bresser said.

“Global demand for high-grade iron ore continues to grow and the Simandou Range hosts the world’s largest undeveloped high-grade iron deposits. Simandou North Iron Ore Project allows Arrow to participate in the development of an area where until now mineral wealth has locked up due to infrastructural constraints.

“The emergence of a combined commitment between government and industry opens the way for Arrow to potentially establish itself as a major West African mining company.”



Simandou North is just kilometres from the world’s largest undeveloped iron ore resource. Pic: Arrow Minerals

## Location, location, location

Due to its remote location, rugged terrain and fluctuations in the iron ore market, Simandou has gone undeveloped since it was discovered by Rio Tinto geologists in the mid-1990s.

But fresh impetus has come from growing demand for high grade iron ore, which not only attracts a premium price but will also be essential for green steelmaking technologies.

Additionally the Guinean Government has placed additional pressure on the mining companies that own the deposits to work towards their development.

SMB Winning began work on a 670km long railway to open a path for the product to port last year.

Guinea's current government has put pressure on Winning, Rio Tinto and Chinalco to work together to ensure this infrastructure is shared and progressed.

It has set a timeline of December 2024 to complete the construction with mining expected to begin in 2025.

The construction of that railway line would be a boon for West African gold explorer Arrow if it completes the Simandou North acquisition as well, providing a pathway to market that previously inhibited investment in its permit.

## Terms of the deal

Arrow will issue 81.25 million shares to Simandou North's owner Amalgamated Minerals, a private company registered in Singapore, for a three month exclusivity option to acquire up to 60.5% interest in Simandou North.

Subject to shareholder approvals it can purchase a 33.3% interest in Amalgamated Minerals from Gibraltar based Ropa Investments for 500 million Arrow shares.

Arrow says it will look to provide by way of an unsecured interest free loan, \$2.5 million of exploration expenditure funding for Simandou North within 24 months from the stage 1 completion, with Arrow also having the right to purchase another 27.2% of Amalgamated for \$1 million in cash or shares once the expenditure commitment is satisfied by Arrow.

Arrow says its preliminary due diligence investigations have not indicated any material issues with relation to Amalgamated Minerals.

## From Perth to Conakry

The Simandou North deal will complete a major shift in strategy for Arrow from gold and nickel in WA to gold and iron ore in West Africa.

Arrow, which also owns the Vranso project in Burkina Faso, has also today announced the sale of the Strickland copper-gold project to ASX-listed Dreadnought Resources in a deal that will deliver \$600,000 in staged cash payments and 2.35m DRE shares to bolster Arrow's bank accounts.

Arrow will also retain exposure to potential upside at Strickland through a \$1m payment conditional on the discovery of a mineral resource of 500,000oz gold equivalent and a 1% NSR royalty. It follows Arrow's sale in March of 90% of the Malinda Lithium Project in WA.

“This transaction realises potential value for shareholders of both Arrow and Dreadnought,” Bresser said.

“Dreadnought are actively engaged in Western Australian minerals exploration and Strickland presents an advanced project, with copper and gold drill ready targets.

“Through this transaction Arrow also retains an interest in the success of the Strickland Copper Gold Project, whilst being free to focus on its West Africa projects.”

The junior explorer has also shored up its near term funding requirements with a non-brokered private placement to sophisticated and professional investors to raise \$350,000 at a price of 0.6c a share, a 200% premium to its previous market price.

Arrow said the placement premium endorsed the management team’s strategic growth plans and move into the African iron ore business.

*This article was developed in collaboration with Arrow Minerals (ASX:AMD), a Stockhead advertiser at the time of publishing.*

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