

OVERSUBSCRIBED PLACEMENT RAISES \$16.5M AT 30% PREMIUM TO ADVANCE PRAIRIE LITHIUM

HIGHLIGHTS

- Arizona Lithium raises A\$16.5m (C\$14.8m) via a Placement to institutional and sophisticated investors at price of A\$0.051 per share (before fees).
- Funds raised at a 30% premium (A\$0.051) to the closing price on 13 December 2023 (A\$0.039).
- The raise was undertaken via a Flow Through Financing Placement with proceeds applied to qualified Canadian Exploration Expenses (CEE).
- Capital raised will be used for drilling in 2024 at the Prairie Project into the Dawson Bay and Souris River Formations at various locations.
- AZL will spend existing funds on hand to complete these wells in 2024 and drive towards production in the first quarter of 2025.
- Preliminary Feasibility Study (PFS) expected to be released by the end of 2023.
- Navajo Transitional Energy Company LLC (NTEC) participated in the capital raising and we welcome them to the register as AZL shareholders.

Arizona Lithium Limited (ASX: **AZL**, **AZLO**, **AZLOA**, OTC: **AZLAF**) (“Arizona Lithium”, “AZL” or “the Company”), a company focused on the sustainable development of two large lithium development projects in North America, the Big Sandy Lithium Project (“**Big Sandy**”) and the Prairie Lithium Project (“**Prairie**”), is pleased to announce that the Company has received firm commitments to raise \$16.5m (before costs) via a Flow Through Financing Placement to institutional and sophisticated investors, to further advance the Prairie Project.

The commitments to raise the funds is through a strongly supported share placement to institutional and professional investors, with AZL receiving an average price of \$0.051 per newly issued share (“**New Shares**”) with one free attaching option (AZLO) per two New Shares (“**Placement**”). The options will be ASX listed and add to the currently listed AZLO class. The Options are exercisable at \$0.05 each expiring 10 August 2025 (“**Options**”), with the proceeds from the exercise of the Options to provide further funding.

The proceeds from the Placement will further strengthen the Company’s balance sheet, and allow Arizona Lithium to continue work on the Prairie Project, specifically with exploration in the Dawson Bay and Souris River Formations. Following this, the Company will use its existing funds to complete the wells in preparation to move into production in the first half of 2025. All activities will be outlined in the Preliminary Feasibility Study (PFS) which is expected to be released by the end of 2023.

AZL Managing Director, Paul Lloyd, commented: “We are extremely pleased to have successfully completed the Placement to raise \$16.5m to fund further work on the Prairie Project. It is testament to the strategic planning of the management team, and the Canadian government incentives, that we were able to have an oversubscribed placement at a 30% premium to our last closing price. We are excited to continue delivering positive updates to shareholders, including the release of the pre-feasibility study at the Prairie Project, which we believe will add significant value to the Company. We look forward to an exciting 2024, with funding in place to drill exploration wells, complete existing wells and move towards production in the first half of 2025.

The Directors would like to welcome Navajo Transitional Energy Company LLC (NTEC) to the register after they purchased 13,000,000 shares in this placement. NTEC and AZL have formed a strategic alliance to develop the Big Sandy Lithium project in Arizona. We look forward to advancing Big Sandy with NTEC as a partner and shareholder.”

Share Placement Details

328,356,469 New Shares and 164,178,235 Options to be issued under the Company’s existing placement capacity under ASX Listing Rules 7.1. The CEE Placement consisted of a placement of C\$14.8m (A\$16.5m) worth of flow through shares (328,356,469) at an average price of A\$0.051 per share. This represents a 30% premium to the last closing price of A\$0.039 on 13 December 2023.

Settlement of New Shares is expected to occur on 22 December 2023 with the New Shares to rank equally with the Company’s existing shares on issue.

PAC Partners Securities Pty Ltd and Evolution Capital Pty Ltd acted as Joint Lead Managers to the Placement. The Joint Lead Managers will receive a fee of 6% of funds raised under the Australian block trade and 10,000,000 options on the same terms and conditions as the options under the placement.

About the Prairie Lithium Project

AZL’s Prairie Lithium Project is located in the Williston Basin of Saskatchewan, Canada, and holds a resource of 6.3 MT of LCE, comprised of 4.5 MT LCE Indicated and 1.8 MT LCE Inferred¹. Located in one of the world’s top mining friendly jurisdictions, the projects have easy access to key infrastructure including electricity, natural gas, fresh water, paved highways and railroads. The projects also aim to have strong environmental credentials, with Arizona Lithium targeting to use less use freshwater, land and waste, aligning with the Company’s sustainable approach to lithium development.

As announced on 12 December 2023, the Company is fast tracking towards the commercialisation of the Prairie Project, with the pilot plant delivering 95.6% lithium recoveries with 99.9% rejection of impurities². The Pilot is currently at the one-third point of the scheduled test duration, having processed over 80,000 L (Litres) of brine and having produced over 6,000 L of lithium concentrate concluding the tuning phase of testing. The remarkable steady-state of 95.6% Li (Lithium) extraction was established at an average feed concentration of 118 mg/L, with no single-point exceedance below 94% recovery. Steady-state rejection of impurities was established at 99.9%. Notably, sodium concentration has been reduced from 95,460 mg/L to 61 mg/L in the concentrate.

Pilot testing will continue into February 2024, with an exclusive focus on producing concentrate for downstream production of lithium chemicals and determining process capability indexes for Li recovery and rejection of impurities.

The Preliminary Feasibility Study (PFS) is on track to be delivered by the end of the December 2023 and early indications demonstrate Prairie to be an economically robust project.

¹ ASX Announcement – “6.3 Million Tonne Lithium Resource At Prairie” – 13 December 2023

² ASX Announcement – “Pilot Update 95.6% Li Recovery 99.9% Impurities Rejected” – 12 December 2023

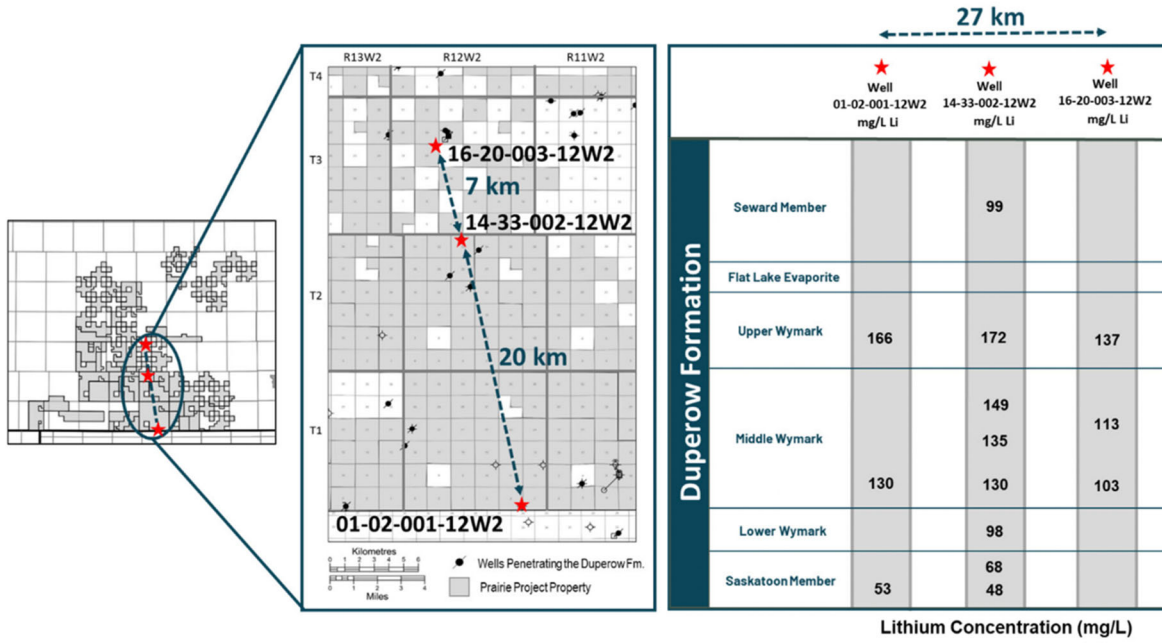


Figure 1: Location map and representative lithium concentrations from Arizona Lithium's test wells³

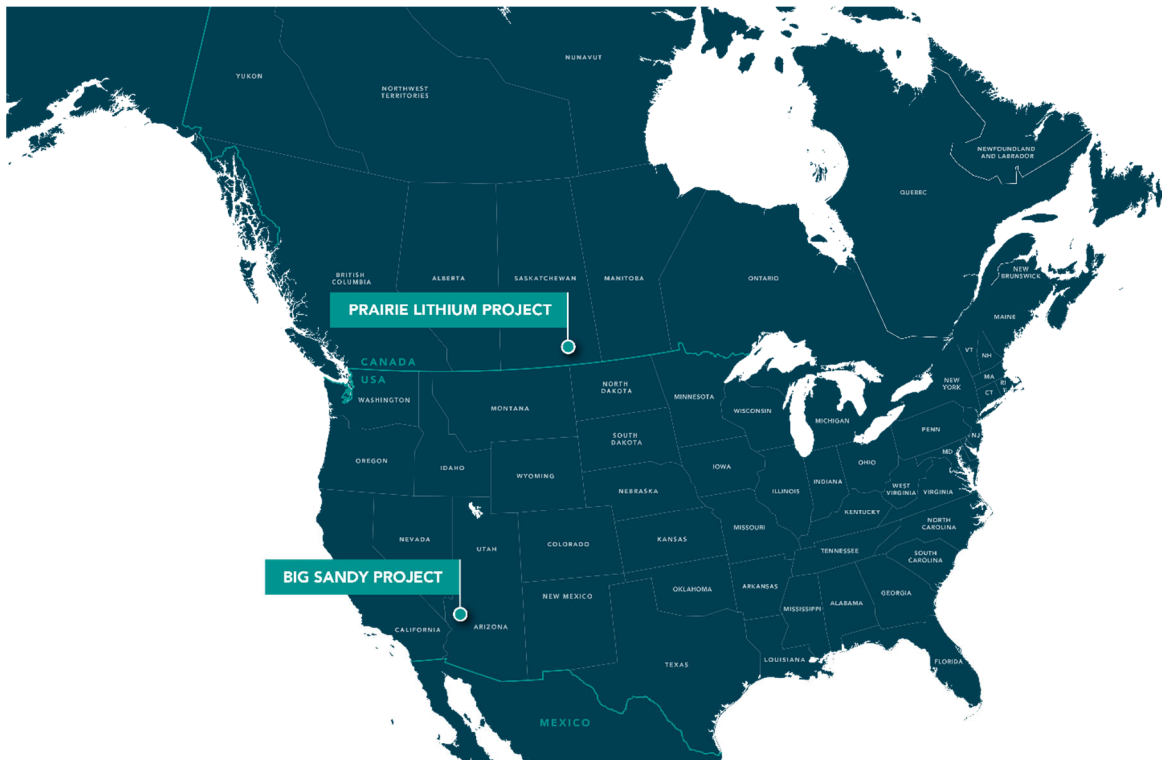


Figure 2: Location of Arizona Lithium's core projects

³ Lithium Concentrations measured by Isobrine Solutions and confirmed by one other commercial laboratory in Edmonton, Alberta

This ASX announcement is authorised for release by the Board.

FOR FURTHER INFORMATION PLEASE CONTACT:

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Competent Persons statement

Gordon MacMillan P.Geol., Principal Hydrogeologist of Fluid Domains, who is an independent consulting geologist of a number of brine mineral exploration companies and oil and gas development companies, reviewed and approves the technical information provided in the release. Mr. MacMillan is a member of the Association of Professional Engineers and Geoscientists of Alberta (APEGA), which is ROPO accepted for the purpose of reporting in accordance with the ASX listing rules. Mr. MacMillan has been practising as a professional in hydrogeology since 2000 and has 23 years of experience in mining, water supply, water injection, and the construction and calibration of numerical models of subsurface flow and solute migration. Mr. MacMillan is also a Qualified Person as defined by NI 43-101 rules for mineral deposit disclosure.

Information in this announcement that relates Exploration Results or to Mineral Resources have been extracted from the Company's announcement released to ASX on 13 December 2023. The announcement is available to view on the Company's website: www.arizonalithium.com. The Company confirms that it 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 Mr MacMillan's findings are presented have not been materially modified from the original market announcement.