

MINING SERVICES AGREEMENT WITH NTEC FOR DEVELOPMENT & PRODUCTION AT BIG SANDY

HIGHLIGHTS

- AZL has entered into a binding Mining Services Agreement for Big Sandy with Navajo Transitional Energy Company (“NTEC”), wholly owned by the Navajo Nation.
- NTEC will be responsible for managing the permitting requirements, additional exploration drilling, mine design, environmental assessments, and development to the commencement of mining for the Big Sandy Lithium Project.
- NTEC is a world class mining and energy company with extensive experience in both permitting and mining operations, owns the Navajo Mine and operates mines in Montana and Wyoming.
- Vern Lund, CEO of NTEC, to join the AZL Board with over 25 years of experience in mining operational management, business development and new project development.
- NTEC’s remuneration is via the issue of 424,242,424 AZL shares at 7.5 cents, which are subject to the achievement of various milestones including full permitting of the Big Sandy Lithium Project and shareholder approval.
- NTEC has an outstanding safety record and environmental record in previous operations and will apply these to the Big Sandy Lithium Project.
- AZL to maintain 100% ownership of the Big Sandy Lithium Project

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 it has entered into a Mining Services Agreement (“Mining Services Agreement”) with Navajo Transitional Energy Company (“NTEC”), wholly owned by the Navajo Nation.

Under the Mining Services Agreement, NTEC will apply their extensive experience in permitting and mining operations to the development of the Big Sandy Lithium Project in Arizona, and subsequent lithium production at the project.

Arizona Lithium Managing Director, Paul Lloyd, commented: “We are very pleased to have signed a Mining Services Agreement with NTEC, which formalises the terms initially agreed to under the Strategic Alliance Term Sheet announced in December 2022.

NTEC is the ideal operating partner for Big Sandy and will take over the operational development of Big Sandy being responsible for managing the permitting requirements, exploration drilling, mine design, environmental assessments, and development through to commencement of mining operations for the project.

Big Sandy represents a substantial development opportunity holding 320,800 tonnes of LCE¹, with only 4% of the project drilling, providing significant exploration upside once permitted.

We look forward to welcoming Vern Lund to the AZL Board and working closely with NTEC to realise the full potential of the Big Sandy Project.”

In December 2022, Arizona Lithium announced that it had entered a Strategic Alliance Term Sheet with NTEC², with the Mining Services Agreement formalising the initially agreed terms.

NTEC has significant experience in mining and energy project operations, owns the Navajo Mine, currently holds a 7% interest in the Four Corners Power Plant and also operates mines in Montana and Wyoming. NTEC’s sole shareholder is the Navajo Nation and was formed with the purpose of promoting the development of the Navajo Nations resources and new sources of energy, power and transmission.

Material terms of the Mining Services Agreement

- (a) **Parties:** AZL and NTEC.
- (b) **Purpose:** AZL has engaged the services and expertise of NTEC to undertake various work requirements and activities to progress exploration and development of the Big Sandy, including but not limited to, community engagement, obtaining permitting requirements, mine design, exploration drilling, baseline studies, environmental assessments, construction and contract mining operations (**Work Requirements**).
- (c) **Consideration:** AZL has agreed to issue NTEC 424,242,424 fully paid ordinary shares in AZL (**Shares**) at a deemed issue price of \$0.075 per Share, which will be subject to escrow and other restrictions pursuant to a voluntary escrow deed executed by NTEC and AZL. Upon the relevant milestone completion date for a Work Requirement, AZL will release that number of Shares from escrow corresponding to the relevant Work Requirement in accordance with the Mining Services Agreement.
- (d) **Conditions Precedent:** The Mining Services Agreement is subject to and conditional upon:
 - (i) AZL obtaining shareholder approval under ASX Listing Rule 7.1 for the issue of the Shares to NTEC; and
 - (ii) NTEC completing procedures to grant limited waivers of sovereign immunity to AZL.
- (e) **Term and Termination:** The Mining Service Agreement will remain in force from the date of execution until the earlier of (a) the date that is 5 years from the date of execution and for so long as NTEC continues to perform the Work Requirements, and (b) the termination of the Mining Services Agreement.

The Mining Services Agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties, confidentiality provisions and change of control provisions).

NTEC Board Representative

Under the Mining Services Agreement, Vern Lund, CEO of NTEC will join the AZL Board with over 25 years of experience in mining operational management, business development and new project development including leading NTEC, a diversified energy company and the 3rd largest US thermal coal producer with 1,400 employees and operations both on and off the Navajo Nation.

Mr. Lund is a retired professional engineer and in addition to executive roles, he holds extensive mining experience including greenfield development and has worked across all aspects of operations, including business development and contract negotiations, new project development including engineering design, permitting and construction, as well mine management and executive oversight of multiple operations.

¹ ASX Announcement – “Big Sandy Lithium Project, Maiden Mineral Resource” – 26 September 2019

² ASX Announcement – “Strategic Alliance with Navajo Nation Mining Company” – 5 December 2022

NTEC holds an outstanding safety and environmental record and was the first company to be awarded both the “Sentinals of Safety” award from the National Mining Association for outstanding safety performance, and the National Award for Excellence in Surface Mining Reclamation from the Office of Surface Mining Reclamation and Enforcement (OSMRE) at the same mine and in the same year. Both of these prestigious awards underscore NTEC’s commitment to the people and environment of the Navajo Nation, and to creating energy options that will provide sustainable resources for the community.

Importantly, both NTEC and AZL understand the cultural significance of the land near the proposed mining site and have already commenced the critically important community engagement process to ensure the development of Big Sandy prioritises appropriate cultural and environmental safeguards throughout the process.

FOR FURTHER INFORMATION PLEASE CONTACT:

Mr Paul Lloyd
Managing Director
Arizona Lithium Limited
Tel. +61 419 945 395
paul@arizonalithium.com

Project Locations

Lithium Research Centre

As announced on 20 June 2022, Arizona Lithium signed a 5-year lease to establish a world class Lithium Research Centre (LRC) to be located on a 9,700m² property in Tempe, Arizona, approximately 15km southwest of Phoenix Sky Harbor International Airport.

The Lithium Research Centre, which will function as a technology incubator focused on the extraction of lithium from a variety of ores and brines, as well as the production of battery-grade lithium chemicals for current and future battery technologies.

The build out of the LRC continues with the lab fully operational and the bulk of the pilot plant to be constructed during the June quarter. The Company will then be able to commence operations of the pilot plant to treat some of the bulk sample taken from the Big Sandy Lithium project.

Big Sandy Lithium Project (Arizona)

The Big Sandy Project, is a very shallow, flat lying mineralised sedimentary lithium resource and with excellent available infrastructure, has the potential to be developed with a very low environmental footprint.

JORC Mineral Resource Estimate

Arizona Lithium's successful 2019 drill program at Big Sandy (37 HQ diamond holes totalling 2,881m) resulted in the estimation of a total Indicated and Inferred JORC resource of 32.5 million tonnes grading 1,850 ppm Li for 320,800 tonnes Li₂CO₃³ (Table 1).

Table 1 - Big Sandy Project Mineral Resource Statement (above 800 ppm Li cut-off)

Resource Classification	Tonnes (Mt)	Li Grade (ppm)	Contained Li Metal (t)	Contained LCE (t)
Indicated	14.6	1,940	28,400	150,900
Inferred	17.9	1,780	31,900	169,900
Total	32.5	1,850	60,300	320,800

This represents 4% of the Big Sandy Project area that contains an estimated exploration target of between 271.1Mt to 483.15Mt at 1,000 - >2,000ppm Li⁴ (Table 2).

Exploration Target

Exploration on the Big Sandy Lithium Project including geological mapping, drilling and surface sampling in Blocks B, C and D in the Northern Mineralised Zone (NMZ) and geological mapping and surface sampling in Blocks SMZ 1 and SMZ 2 in the Southern Mineralised Zone (SMZ), have resulted in the identification of the potential for between 271.1Mt to 483.15Mt at 1,000 - >2,000ppm Li as summarised in Table 3 below.

The Exploration Target in Blocks B, C and D in the NMZ, has been estimated using a range of thicknesses for the mineralised sedimentary material, calculated from data point elevations, drill hole data from prior Exploration Target Block A, lying between Blocks B and C, that has been converted to an inferred / indicated mineral resource and geological mapping. The grade estimates a range of values demonstrated from surface sampling.

The Exploration Target in Blocks SMZ 1 and SMZ 2 in the SMZ, has been estimated using a range of thicknesses for the mineralised sedimentary material, calculated from data point elevations, geological

³ ASX Announcement – "Big Sandy Lithium Project, Maiden Mineral Resource" – 26 September 2019

⁴ Announcement Nov 7, 2019, Big Sandy Lithium Project, Exploration Target Update

mapping and knowledge of the mineralisation controls and alteration witnessed in the NMZ. The grade estimates a range of values demonstrated from surface sampling.

Table 2 – Summary of Exploration Target

Zone	Resource Block	Grade Range Li ppm	Thickness Lower (m)	Thickness Upper (m)	Lower (Mt)	Upper (Mt)
North	B	1000 - >2,000	40	60	82,800,000	124,200,000
North	C	1000 - >2,000	20	35	27,000,000	47,250,000
North	D	1000 - >2,000	20	35	39,600,000	69,300,000
South	SMZ 1	1000 - >1,500	30	60	83,700,000	167,400,000
South	SMZ 2	1000 - >1,500	30	60	38,000,000	75,000,000
				TOTALS	271,100,000	483,150,000

Note that the potential quantity and grade of the estimated geological potential (Exploration Target) is conceptual in nature. There has been insufficient exploration to estimate a mineral resource and it is uncertain whether future exploration will result in the definition of a mineral resource. It has been estimated using a range of thicknesses for the mineralised sediments calculated from drill intercepts, surface sampling and geological mapping. The grade estimates a range of values demonstrated from drilling and surface sampling.

The Permit of Exploration (POE) that includes 145 exploration holes and a bulk sample at the Company's Big Sandy Lithium project in Arizona is awaiting Bureau of Land Management (BLM) approval. Community involvement is welcomed to ensure mutually beneficial outcomes for all stakeholders and the Company is very confident that drilling program can be completed without environmental impact and to the satisfaction of all stakeholders. The validity of the proposed exploration target will be tested in the next drilling program. The Company is awaiting drilling approval from the BLM as detailed above.

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 Inferred⁵. 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 impurities⁶.

⁵ ASX Announcement – "6.3 Million Tonne Lithium Resource At Prairie" – 13 December 2023

⁶ ASX Announcement – "Pilot Update 95.6% Li Recovery 99.9% Impurities Rejected" – 12 December 2023

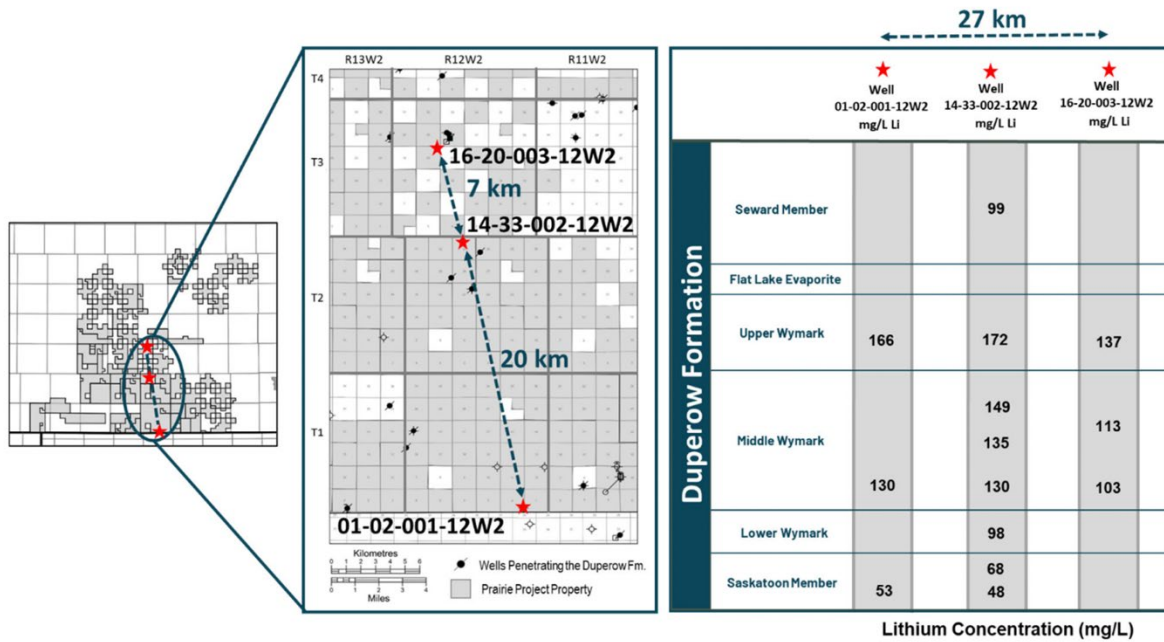


Figure 1: Location map and representative lithium concentrations from Arizona Lithium's test wells

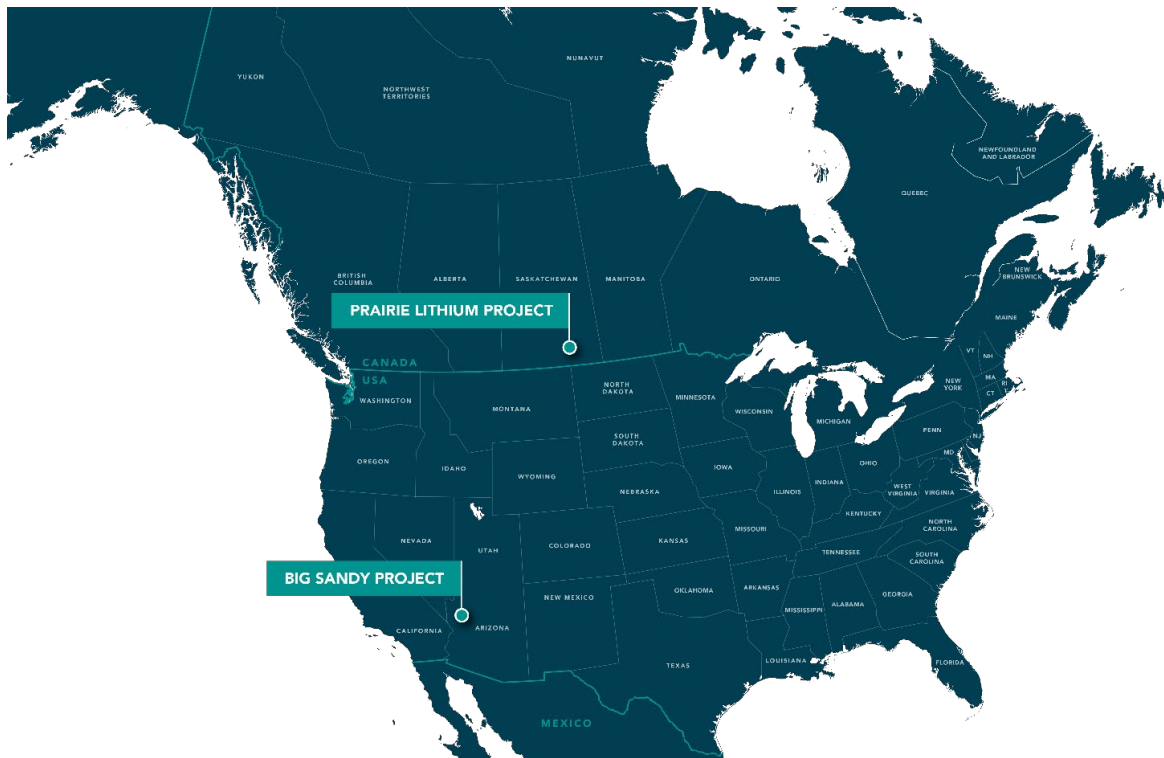


Figure 2: Location of Arizona Lithium's core projects

Competent Persons Statement

The information in this announcement that relates to the Exploration Target is based on and fairly represents information compiled by Gregory L Smith who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity to 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, Mineral Resources and Ore Reserves". Mr. Smith is a consultant to the Company and holds shares in the Company. Mr. Smith consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears. Information in this announcement which relates to Exploration Results relevant to the Exploration Target has been extracted from the Company's announcements released to ASX on 28 March, 28 August and 7 November, 2019.

Information in this announcement that relates to Mineral Resources have been extracted from the Company's announcement released to ASX on September 26, 2019.

The announcements are 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 announcements 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 announcements.