Arizona Lithium Limited
Interim Financial Report
for the half-year ended 31 December 2023

ABN 15 008 720 223

Contents

Corporate directory

Directors	Mr Barnaby Egerton-Warburton Non-Executive Chairman Mr Paul Lloyd Managing Director Mr Matthew Blumberg Executive Director Mr Zachary Maurer Executive Director
Company Secretary	Mr Shaun Menezes
Registered Office	Level 2, 10 Outram Street West Perth WA 6005
Share register	Automic Registry Services Level 5, 191 St Georges Terrace Perth, WA 6000
Auditor	Grant Thornton Australia Level 43 Central Park 152-158 St Georges Terrace Perth, WA 6000
Securities exchange listing	Australian Securities Exchange Level 40, Central Park 152 – 158 St Georges Terrace Perth Western Australia 6000 Code: AZL

Directors' Report

The Directors present their interim financial report, together with the consolidated financial statements of Arizona Lithium Limited ("the Company") and its controlled entities ("the Group"), for the half-year ended 31 December 2023.

DIRECTORS

The following directors held office during and since the end of the half-year, unless otherwise stated:

- Mr Barnaby Egerton-Warburton
- Mr Paul Lloyd
- Mr Matthew Blumberg
- Mr Zachary Maurer

PRINCIPAL ACTIVITIES

The Company is a mineral exploration entity focussing on the Big Sandy, Prairie Lithium and Lordsburg Projects in North America exploring for lithium.

REVIEW OF OPERATIONS

Prairie Lithium PFS Confirms Extremely Low Operating Cost

In December, the Company announced the results of a positive Pre-Feasibility Study (PFS) for the 100% owned Prairie Lithium Project in Saskatchewan, Canada. Global engineering group, Samuel Engineering, was the lead consultant and responsible for the estimates in the study. Financial inputs were provided to Samuel Engineering by appropriate parties with pricing data supplied by Global Lithium LLC, the pre-eminent lithium pricing provider.

The PFS was based on Phase One production of 6,000 tonnes per annum (tpa) of Lithium Carbonate Equivalent (LCE) and confirmed excellent economics. Average annual operating costs of US$2,819/t over the operating life of the project make the Prairie Project one of the lowest cost global projects.

Base case pre-tax Net Present Value (NPV) of US$448 million and IRR of 23.9% indicate exceptional economics for the project assuming a discount rate of 8% and a conservative long-term price of US$21,000/t based on comprehensive analysis provided by Global Lithium LLC (Mr. Joe Lowry).

6.3 million Tonne Lithium Resources at Prairie Project

In December, the Company completed a resource upgrade on newly leased land, resulting in a total resource increase to 6.3 MT LCE, from the previous 5.7 MT LCE[1] held at Prairie. The additional 600,000 tonnes LCE were added from the Company's newly leased lands[2], with approximately 500,000 tonnes LCE classified as Indicated Resource. The minerals are being leased from a large title holder in locations surrounding Prairie's existing landholding, that are strategic to commercial development and have the potential to improve economics for future production.

[1] ASX Announcement – "Prairie Project Resource Upgraded 39%" – 17 August 2023

[2] ASX Announcement – "Landholding Increased by 11% at Prairie Lithium Project" – 11 December 2023

Directors' Report

The increase to 6.3 MT LCE follows the 39% increase in total resources at the Prairie Project in August 2023, from 4.1 mt of Lithium Carbonate Equivalent (LCE)[1] to 5.7 mt of LCE with 4.0 mt of LCE being upgraded to Indicated and 1.7 mt of LCE remaining Inferred at the time.

Landholding Increased by 11% at Prairie

In December, the Company announced that the Company acquired an additional interest in 39,331 net acres (approx. 159km^2) for the Prairie Project, representing an 11% increase. The leases were acquired from a strategic freehold mineral title holder who holds land across the Prairie Project area and under the agreement, Arizona Lithium has leased the lithium rights within specific formations on the acquired properties. The Company's December resource upgrade was based on this additional landholding.

Prairie Lithium Project Pilot Plant

During the half-year ended 31 December 2023, at the one-third point of the scheduled test duration, the Prairie Pilot Plant had processed over 80,000 L of brine and produced over 6,000 L of lithium concentrate at 1,328 mg/L lithium. Following completion of a tuning period to exploit the advantages associated with the high-quality Prairie brine, a baseline steady-state lithium extraction rate of 95.6% was established with excellent stability.

The most noteworthy achievement to date with far-reaching impact to downstream operations is the rejection of impurities. The baseline steady-state rejection rate of impurities is 99.9%, with the most concentrated cation (sodium) being reduced from 95,640 mg/L in the feed to 61 mg/L in the concentrate. This result is nearly three times lower than previous testing, which has potential to have a considerable impact on reducing downstream processing and conversion cost as well as improving product quality.

The testwork was subsequent to the third party DLE pilot plant arriving at the Company's facility in Saskatchewan and being commissioned. Arizona Lithium will test various operational parameters and conditions to finalize the design of a commercial extraction facility.

The pilot plant is producing a lithium concentrate that will be sent to the Company's Lithium Research Center (LRC) in Tempe, Arizona, for further upgrading to high purity lithium end products, including high purity lithium carbonate.

Commenced Construction at Prairie Project

In November, the Company completed construction of the first commercial pad at its Prairie Project, in Saskatchewan, Canada, for the portion of ground that will hold the wells for the first DLE facility. Based on the Company's recently released PFS, this well pad will target production rates of approximately 2,000 Tonnes Per Annum (TPA) Lithium Carbonate Equivalent (LCE). Applications were submitted to licence the initial two wells for this pad. These licenses have been approved subsequent to 31 December 2023.

Capital Raises to Advance Prairie Lithium Project

In August, the Company raised $10m (before costs) via a Placement to institutional and sophisticated investors to further advance the Prairie Project, including undertaking a resource upgrade, constructing a pilot plant, completing of a pre-feasibility study and to complete construction of the world class Lithium Research Centre.

[1] Arizona Lithium - Agreement to Acquire Canada's Highest Grade Lithium Brine Resource (21/12/22) (ASX: the Company)

Directors' Report

In December, the Company raised $16.5m (before costs) via a Flow Through Financing Placement to institutional and sophisticated investors. The funds are being applied to 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 are outlined in the Preliminary Feasibility Study (PFS).

High purity lithium chemical produced at Lithium Research Centre

The Company has successfully converted a lithium precursor involving Direct Lithium Extraction (DLE) and Counter Flow Reverse Osmosis (CFRO) technology to a variety of high purity battery chemicals, including 99%+ lithium carbonate. The development was significant as it demonstrated that a highly automated extraction and concentration process, located remotely on a well pad, has the potential to produce a variety of high purity lithium chemicals at significantly lower CAPEX and OPEX than conventional technology.

Lithium Drilling Approval at Prairie

In November, well licence approval received for the first well at Pad #1 for the Prairie Lithium Project, with pilot plant testing of Prairie brine material to complete the third and final phase of the evaluation of the DLE technology.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Nomatters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is included within this financial report.

This report is signed in accordance with a resolution of the Board of Directors.

On behalf of the Board of Directors,

Mr Barnaby Egerton-Warburton
Non-Executive Chairman

Dated this 12th day of March 2024

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Auditor's Independence Declaration

To the Directors of Arizona Lithium Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Arizona Lithium Limited for the half-year ended 31 December 2023. I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B P Steedman
Partner – Audit & Assurance

Perth, 12 March 2024

Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2023

	Note	31 December 2023 $	31 December 2022 $
Other income		436,444	563,584
Share-based payments expense	11	(7,593,447)	(3,112,666)
Corporate and regulatory expenses		(733,694)	(835,983)
Exploration and evaluation expensed		(3,393,156)	(1,217,323)
Depreciation		(675,968)	(314,509)
Foreign exchange gain / (loss)		(279,496)	(40,848)
Finance costs		(70,047)	(82,282)
Gain on financial asset		-	6,275
Administrative expenses		(902,442)	(767,838)
Loss before income tax expense		**(13,211,806)**	**(5,801,590)**
Income tax expense		**-**	**-**
Loss after income tax		**(13,211,806)**	**(5,801,590)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign controlled entities, net of tax		(2,325,458)	10,388
Total comprehensive loss for the period		**(15,537,264)**	**(5,791,202)**
Loss per share attributable to the ordinary equity holders of the Company			
Basic loss per share in cents	2	**(0.42)**	**(0.24)**
Diluted loss per share in cents	2	**(0.42)**	**(0.24)**

The accompanying notes form part of these financial statements.

Condensed consolidated statement of financial position as at 31 December 2023

	Note	31 December 2023 $	30 June 2023 $
CURRENT ASSETS			
Cash and cash equivalents		22,596,137	3,303,842
Trade and other receivables		161,184	1,144,810
Prepayments		1,013,672	176,382
TOTAL CURRENT ASSETS		**23,770,993**	**4,625,034**
NON-CURRENT ASSETS			
Exploration and evaluation expenditure		65,845,843	67,875,471
Property, plant and equipment	3	3,480,763	3,711,793
Right of use assets	4	2,092,050	2,484,427
Other financial assets	5	2,268,826	2,427,726
TOTAL NON-CURRENT ASSETS		**73,687,482**	**76,499,417**
TOTAL ASSETS		**97,458,475**	**81,124,451**
CURRENT LIABILITIES			
Trade and other payables		849,500	1,559,303
Lease liability	6	608,333	646,451
Provisions		33,165	-
TOTAL CURRENT LIABILITIES		**1,490,998**	**2,205,754**
NON-CURRENT LIABILITIES			
Lease liability	6	1,685,173	2,050,177
TOTAL NON-CURRENT LIABILITIES		**1,685,173**	**2,050,177**
TOTAL LIABILITIES		**3,176,171**	**4,255,931**
NET ASSETS		**94,282,304**	**76,868,520**
EQUITY			
Contributed equity	7	177,158,533	152,030,292
Reserves		29,015,728	23,518,379
Accumulated losses		(111,891,957)	(98,680,151)
TOTAL EQUITY		**94,282,304**	**76,868,520**

The accompanying notes form part of these financial statements.

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2023

	Issued capital $	Share based payment reserve $	Foreign translation reserve $	Accumulated losses $	Total $
At 1 July 2023	**152,030,292**	**22,228,179**	**1,290,200**	**(98,680,151)**	**76,868,520**
Comprehensive Loss					
Loss for period	-	-	-	(13,211,806)	(13,211,806)
Other comprehensive income for the period, net of tax	-	-	(2,325,458)	-	(2,325,458)
Total comprehensive loss for the period	**-**	**-**	**(2,325,458)**	**(13,211,806)**	**(15,537,264)**
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the period	26,690,578	-	-	-	26,690,578
Share issue costs	(1,562,337)	229,360	-	-	(1,332,977)
Share-based payments	-	7,593,447	-	-	7,593,447
At 31 December 2023	**177,158,533**	**30,050,986**	**(1,035,258)**	**(111,891,957)**	**94,282,304**

The accompanying notes form part of these financial statements.

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2023

	Issued shares $	Share based payment reserve $	Foreign translation reserve $	Accumulated losses $	Total $
At 1 July 2022	**113,594,860**	**15,725,497**	**(2,185,763)**	**(84,318,445)**	**42,816,149**
Comprehensive Loss					
Loss for period	-	-	-	(5,801,590)	(5,801,590)
Other comprehensive income for the period, net of tax	-	-	10,388	-	10,388
Total comprehensive loss for the period	**-**	**-**	**10,388**	**(5,801,590)**	**(5,791,202)**
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the period	12,219,071	-	-	-	12,219,071
Share issue costs	(1,408,800)	668,750	-	-	(740,050)
Share-based payments	-	3,112,666	-	-	3,112,666
At 31 December 2022	**124,405,131**	**19,506,913**	**(2,175,375)**	**(90,120,035)**	**51,616,634**

The accompanying notes form part of these financial statements.

Condensed consolidated statement of cash flows for the half-year ended 31 December 2023

	31 December 2023 $	31 December 2022 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(6,675,161)	(3,165,281)
Grant income	1,402,508	-
Interest received	53,832	563,584
Net cash used in operating activities	**(5,218,821)**	**(2,601,697)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for acquisition of plant and equipment	(1,469,019)	(2,275,765)
Payments for other financial assets	-	(1,949,653)
Proceeds from disposal of plant and equipment	554,442	-
Proceeds from disposal of non-current assets	196,862	-
Net cash used in) investing activities	**(717,715)**	**(4,225,418)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of share issues	26,666,669	11,497,390
Cost of share issues	(984,416)	(871,269)
Net cash provided by financing activities	**25,682,253**	**10,626,121**
Net increase in cash and cash equivalents	**19,745,717**	**3,799,006**
Cash and cash equivalents at the beginning of the period	3,303,842	42,983,007
Effects of exchange rate changes on cash and cash equivalents	(453,422)	14,739
Cash and cash equivalents at the end of the period	**22,596,137**	**46,796,752**

The accompanying notes form part of these financial statements.

Notes to the financial statements

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The interim financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting", Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards.

The interim financial report covers Arizona Lithium Limited ("the Company") and controlled entities ("the Group"). The Company is a for-profit entity limited by shares, and incorporated and domiciled in Australia.

The interim financial report has been prepared on an accruals basis and is based on historical cost modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. All amounts are presented in Australian Dollars.

The interim report does not include full disclosures of the type normally included in an annual financial report.

The interim financial report, including comparatives, should be read in conjunction with the annual Financial Report of Arizona Lithium Limited for the year ended 30 June 2023 and any public announcements made by the Company during the half year in accordance with the continuous disclosure obligations arising under the Australian Securities Exchange Listing Rules and Corporations Act 2001.

Significant Accounting Policies

The significant accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 30 June 2023 and have been consistently applied by the entities in the Group. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Going concern
The interim consolidated financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Group incurred a net loss of $13,211,806 (2022: loss of $5,801,590), operating cash outflows of $5,218,821 (2022: outflow of $2,601,697) and investing cash outflows of $717,715 (2022: $4,225,418). These cash outflows were funded by existing cash and financing cash inflows of $25,682,253 (2022: $10,626,121). The cash flow projections of the Group indicate that it may require additional capital to meet planned but uncommitted exploration and investment activities.

To meet the capital and operating expenditure budgets for the next twelve month the Directors intend to raise further capital for the Group. The directors believe that there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable given its past history of successfully raising new equity and current market capitalisation of the Company.

Notes to the financial statements

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Should the Company be unable to raise the required capital to fund the next 12 months planned capital and operating expenditure, there is uncertainty on its ability to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

New and Amended Accounting policies adopted by the Group

The Group has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the Group's accounting policies.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Group. The Directors have determined that there is no material impact of these standards and interpretations.

Significant accounting estimates and judgements

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2023 unless otherwise disclosed in the interim financial statements.

2 LOSS PER SHARE

	31 December 2023	31 December 2022
Weighted average number of ordinary shares used in the calculation of basic/diluted loss per share (number)	3,179,653,495	2,388,883,783
Basic/diluted loss ($)	(13,211,806)	(5,801,590)
Basic/diluted loss per share (cents)	(0.42)	(0.24)
Basic/diluted loss per share from continuing operations (cents)	(0.42)	(0.24)

The diluted loss per share is equal to the basic loss per share because there were no dilutive potential ordinary shares.

Notes to the financial statements

3 PROPERTY, PLANT AND EQUIPMENT

	31 December 2023 $	30 June 2023 $
Building improvements		
Cost	599,087	535,301
Accumulated depreciation	(100,774)	(40,897)
	498,313	**494,404**
Plant and equipment		
Cost	2,377,421	2,698,233
Accumulated depreciation	(417,614)	(218,086)
	1,959,807	**2,480,147**
Capital work-in-progress		
Cost	1,022,643	737,242
Total Plant and Equipment	**3,480,763**	**3,711,793**
Movement in:		
Building improvements		
Balance at the beginning of the period	494,404	49,749
Additions	78,957	485,552
Depreciation expense	(62,586)	(40,897)
Foreign exchange movement	(12,462)	-
Balance at the end of the period	**498,313**	**494,404**
Plant and equipment		
Balance at the beginning of the period	2,480,147	-
Additions	192,104	2,698,233
Transfers from work-in-progress	182,933	-
Disposals	(549,102)	-
Depreciation expense	(272,825)	(218,086)
Foreign exchange movement	(73,450)	-
Balance at the end of the period	**1,959,807**	**2,480,147**
Capital work-in-progress		
Balance at the beginning of the period	737,242	-
Additions	499,397	737,242
Transfers to plant and equipment	(182,933)	-
Foreign exchange movement	(31,063)	-
Balance at the end of the period	**1,022,643**	**737,242**

4 RIGHT OF USE ASSETS

	31 December 2023 $	30 June 2023 $
At cost	3,313,283	3,399,475
Accumulated depreciation	(1,221,233)	(915,048)
Total	**2,092,050**	**2,484,427**

Notes to the financial statements

5 OTHER FINANCIAL ASSETS

	31 December 2023 $	30 June 2023 $
Security bond – leased premises	299,173	458,073
Unlisted investment at fair value[(i)]	1,949,653	1,949,653
Other financial assets	20,000	20,000
Total	**2,268,826**	**2,427,726**

[(i)] As at 31 December 2023, the Group holds 2,049,181 shares in Midwest Lithium AG ("Midwest"). Whether the 11.5% equity investment in Midwest is a financial asset or associate is a key judgment. The Directors have determined that the Company does not have significant influence over Midwest and has been accounted for as a financial asset. The carrying value of the investment represents the initial transaction value on the date of investment, being 7 November 2022. The Directors have determined that there is no movement in the fair value of the investment between 7 November 2022 and 31 December 2023 as there were no further capital raisings by Midwest and no significant exploration activities that could affect Midwest's valuation.

6 LEASE LIABILITY

	31 December 2023 $	30 June 2023 $
Current	608,333	646,451
Non-current	1,685,173	2,050,177
	2,293,506	**2,696,628**

7 CONTRIBUTED EQUITY

Contributed equity consists of the following:

	31 December 2023 $	30 June 2023 $
Issued shares	172,523,422	139,453,346
Exchangeable shares	4,635,111	12,576,946
Total	**177,158,533**	**152,030,292**

Notes to the financial statements

7 CONTRIBUTED EQUITY (CONTINUED)

Ordinary Shares	Number of shares Half Year to 31/12/23	Number of shares Year to 30/06/23	Half-year to 31/12/23 $	Year to 30/06/23 $
Opening balance	2,749,676,710	2,233,496,990	139,453,346	113,594,860
Issue of shares on exercise of options	-	7,079,078	-	219,070
Placement – July 2022	-	171,428,571	-	12,000,000
Acquisition of Prairie Lithium	-	248,461,073	-	12,423,054
Share purchase plan	-	58,710,998	-	2,641,995
Issue of shares on exercise of performance rights	-	30,500,000	-	-
Placement – August 2023	400,000,000	-	10,000,000	-
Issue of shares on exercise of performance rights	36,000,000	-	-	-
Issue of shares on retraction of Exchangeable Shares	158,837,697	-	7,941,885	-
Placement – December 2023	328,356,469	-	16,690,528	-
Capital raising costs		-	(1,562,337)	(1,425,639)
Closing balance	**3,672,870,876**	**2,749,676,710**	**172,523,422**	**139,453,340**

Exchangeable Shares	Number of shares Half Year to 31/12/23	Number of shares Year to 30/06/23	Half-year to 31/12/23 $	Year to 30/06/23 $
Opening balance	251,538,925	-	12,576,946	-
Acquisition of Prairie Lithium	-	251,538,925	-	12,576,946
Retraction for Ordinary Shares	(158,837,697)	-	(7,941,835)	-
Closing balance	**92,702,228**	**251,538,925**	**4,635,111**	**12,576,946**

8 SEGMENT INFORMATION

During the half year, the Group’s operations consisted of exploration for lithium in North America and corporate functions.

The Board is the chief operating decision maker. All amounts reported to the Board are determined in accordance with accounting policies that are consistent with financial reporting requirements. Intra-group loans are valued in Australian dollars with no interest charged. There are no intragroup eliminations because assets used across the Group and all trade payables are allocated to the Australian segment, with all assets, liabilities and transactions controlled from Australia.

Notes to the financial statements

8 SEGMENT INFORMATION (CONTINUED)

(i) Segment performance

	Australia Half-year ended 31 December		North America Half-year ended 31 December		Consolidated Half-year ended 31 December	
	2023	2022	2023	2022	2023	2022
	$	$	$	$	$	$
Other income	54,613	563,584	381,831	-	436,444	563,584
Total income	**54,613**	**563,584**	**381,831**	**-**	**436,444**	**563,584**
Segment result:						
Loss after income tax	**(8,937,550)**	**(3,896,622)**	**(4,274,256)**	**(1,904,968)**	**(13,211,806)**	**(5,801,590)**

(ii) Segment financial position

	Australia		United States		Consolidated	
	As at 31 Dec 2023	As at 30 June 2023	As at 31 Dec 2023	As at 30 June 2023	As at 31 Dec 2023	As at 30 June 2023
	$	$	$	$	$	$
Segment assets	22,690,292	4,695,171	74,768,183	76,429,280	97,458,475	81,124,451
Segment liabilities	(690,575)	(646,906)	(2,485,596)	(3,609,025)	(3,176,171)	(4,255,931)
Segment net assets	**21,999,717**	**4,048,265**	**72,282,587**	**72,820,255**	**94,282,304**	**76,868,520**

Notes to the financial statements

9 FINANCIAL INSTRUMENTS

Fair Value Measurement

The fair value of financial assets and financial liabilities approximate their carrying amounts.

10 EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Nomatters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

11 SHARE BASED PAYMENTS

The following share based payment transactions occurred or were recognised during the half-year:

- 26,000,000 $0.05 Lead Manager options expiring 10/08/2025 with a total value of $229,360 were recognised during the half year as a capital raising cost.

All share options issued during the half year vested immediately.

The Class A and B Performance Rights issued on 27/03/2023 vested on 29/12/2023 and 14/08/2023 respectively.

12 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 31 December 2023, there were no contingent liabilities or contingent assets.

Directors' declaration

In accordance with a resolution of the Directors of Arizona Lithium Limited, we state that:

1) In the opinion of the Directors:

   a) the interim financial statements and supplementary notes, are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the financial position of the Group as at 31 December 2023 and of its performance, as represented by the results of its operations and its cash flows, for the period ended on that date; and

      (ii) complying with Accounting Standards AASB 134: *Interim Financial Reporting and the Corporations Regulations 2001*; and

   b) there are reasonable grounds to believe that Arizona Lithium Limited will be able to pay its debts as and when they become due and payable.

2) The Directors have been given the declarations required by section s.303(5) of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors:

Mr Barnaby Egerton-Warburton
Non-Executive Chairman
Dated this 12th day of March 2024

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Independent Auditor's Review Report

To the Members of Arizona Lithium Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Arizona Lithium Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Arizona Lithium Limited does not comply with *Corporations Act 2001* including:

a giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES *110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of $13,211,806 during the half year ended 31 December 2023 and, for that period, the Group's net cash outflows from operating activities is $5,218,821 and investing activities is $717,715. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B P Steedman
Partner – Audit & Assurance

Perth, 12 March 2024