

## QUARTERLY REPORT FOR THE PERIOD ENDING 31 DECEMBER 2024

### HIGHLIGHTS

- \$11 million non-dilutive cash raised through sale of non-core acreage and data at the Prairie Lithium Project to Homestead Energy Inc.
- Pad #3 has been successfully cleared and will have a target production of 2,000 tonnes per annum (tpa) of Lithium Carbon Equivalent as detailed in the Preliminary Feasibility Study released in December 2023.<sup>1</sup>
- Exploration drilling was completed at Pad #2 and Pad #3, targeting the Souris River Formation and Dawson Bay Formation, where the wells can be easily converted into future production or disposal wells.
- United States District Court for the District of Arizona has granted a preliminary injunction to halt the approval granted by the Bureau of Land Management for the exploration drilling at the Big Sandy project until the case is fully resolved.
- 2024 was a year of drilling, de-risking and discovery of additional lithium bearing formations at Prairie. 2025 will be a year of designing and constructing surface infrastructure with production of lithium in late 2025.
- Resource upgrade expected in coming months from data collected from the recently completed Prairie drilling program.

Arizona Lithium Limited (ASX: AZL, AZLO, OTC: AZLAF) (“Arizona Lithium”, “AZL” or “the Company”), is pleased to provide an overview of the Company’s activities for the period ending 31 December 2024 (“Quarter” or “Reporting Period”) to accompany the Appendix 5B.

Arizona Lithium Managing Director, Paul Lloyd, commented:

*“We had an exceptional operational quarter with a successful drilling program and big steps forward with the engineering for the Prairie Project. We continue to progress the project at a rapid pace, step by step, and have managed to fund our activities with minimal dilution. We were pleased to raise \$11 million by selling non-core acreage in the Northern part of our landholding. We cleared Pad #3, and are making the right moves towards a world class lithium project.*

*Importantly, we have executed on our strategic objectives expeditiously ahead of anticipated commercial lithium production at Prairie in 2025. We look forward to announcing the results of the 2024 exploration program including grade to the markets shortly.”*

<sup>1</sup> ASX Announcement – “Prairie Lithium PFS Confirms Extremely Low Operating Costs of \$2,819 USD per tonne” – 29 December 2023. Information in this announcement that relates to Net Present Value calculation has been extracted from the Company’s announcement released to ASX on 29 December 2023. 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 the estimate of the Net Present Value, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

## Prairie Lithium Project

### \$11 Million Non-Dilutive Cash Raised

During the Reporting Period, AZL entered into agreements that raised cash proceeds of \$11 million by selling non-core acreage and data at the Prairie Lithium Project to Homestead Energy Inc (“Homestead”).

In total, AZL divested approximately 40,000 acres of Crown Mineral Title and approximately 11,600 net acres of Freehold Mineral Title, alongside data from the Prairie Lithium Project. The divestment represents a small undeveloped portion of the 390,000 net acres that AZL holds as part of the Prairie Lithium Project.

The strategic sale of land and data does not affect AZLs near term development plan for the Prairie Lithium Project as the acreage was not core acreage. No shares were issued in conjunction with this transaction.

Proceeds from the transaction are being utilised to advance the development of AZL’s core acreage and undertake more work towards the stated goal of commercial production at the Prairie Lithium Project in 2025.

### Pad #3 Cleared

During the Quarter, Pad #3 was successfully cleared (Figure 1) and drilling was completed on the Pad.

Pad #3 will be the third pad of three pads (Figure 2) detailed in the Preliminary Feasibility Study (“PFS”), released in December 2023, and will have a target production of 2,000 tonnes per annum (tpa)<sup>2</sup> of Lithium Carbonate Equivalent (“LCE”).

Having three pads cleared means that Arizona Lithium has line of sight to 6,000tpa (2,000tpa per pad).

As detailed in the PFS, each pad has a Net Present Value (“NPV”) of approximately US\$150 million<sup>1</sup>.

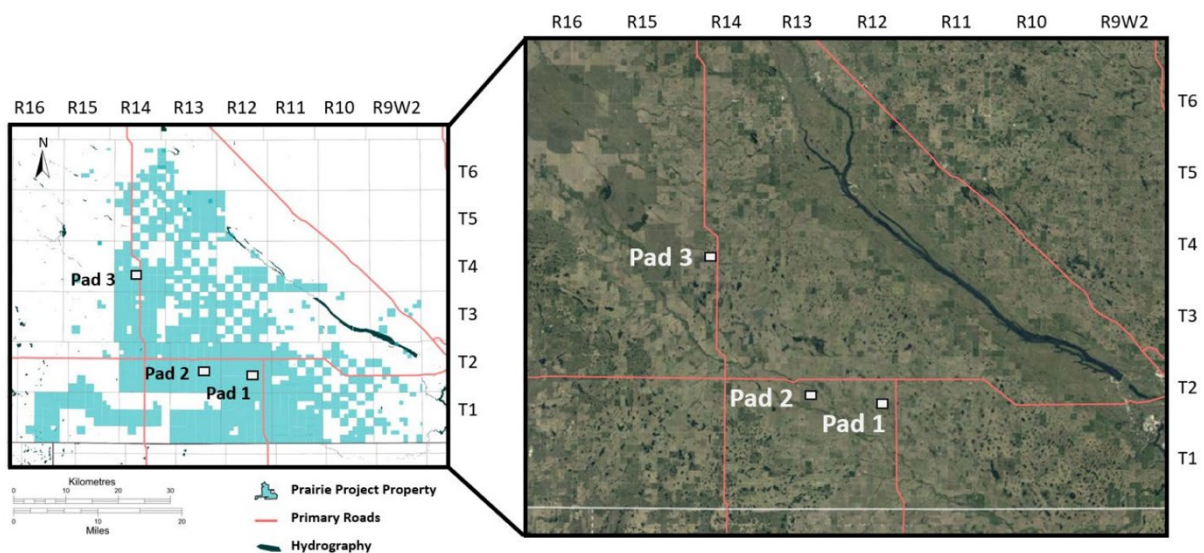
Once the first three pads are constructed and producing, Arizona Lithium plans to identify a further 9 pads on its current landholding to be cleared in order to get to a total steady state production number of 24,000tpa.

Following Pads #2 and Pad #3 built and initial wells drilled, this significantly de-risks AZL’s scale up plan once Pad #1 is in full production.

<sup>2</sup> Information in this announcement that relates to Production Targets have been extracted from the Company’s announcement released to ASX on 29 December 2023. 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 these Production Targets, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.



**Figure 1: Pad #3 Successfully Cleared**



**Figure 2: Pad Locations**

For personal use only

### Exploration Drilling Completed at Pads #2 and #3

During the Reporting Period, AZL completed exploration drilling at Pad #2 (Figure 3) and Pad #3 (Figure 4), targeting the Souris River and Dawson Bay Formations that underlay the Duperow Formation (Figure 5). Drilling wells on each pad are a key part of the path to production by the end of 2025 and the results will be released upon analysis.

The Company can convert the well on Pad #3 into a future production or disposal well for future production at Pad #3, a key element of reaching commercial production at the Well Pad.



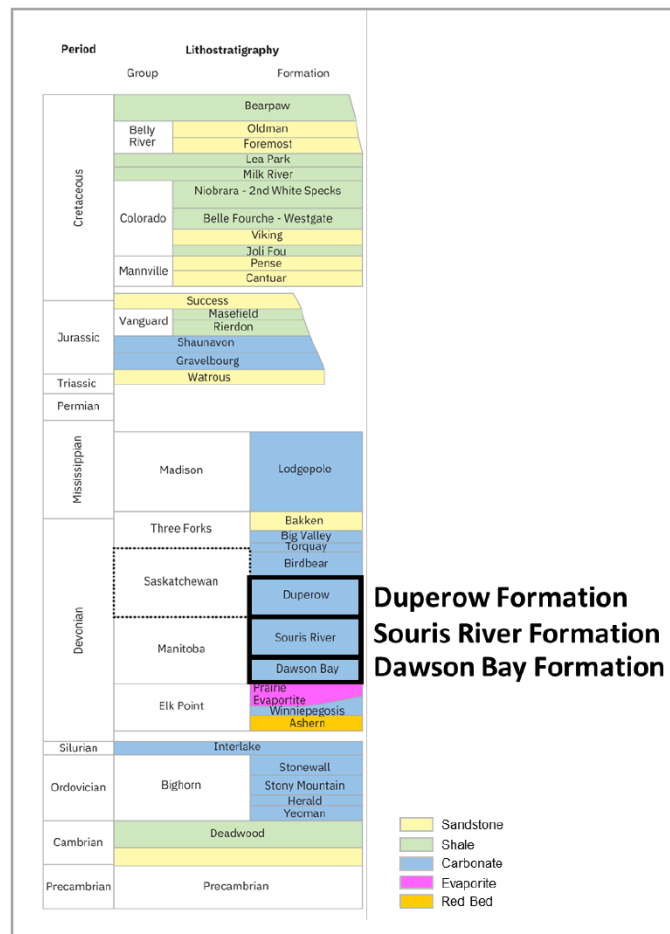
**Figure 3: Drilling Rig at Pad #2**



**Figure 4: Drilling Rig at Pad #3**

For personal use only

For personal use only



**Figure 5: Simplified Stratigraphic Chart**

## Big Sandy Lithium Project

### Court Action

As noted in the ASX announcements on 7 August 2024 and 21 August 2024, and notwithstanding the Bureau of Land Management (“BLM”) approval received on 11 July 2024 after an extensive process, the Company was provided with a copy of a “complaint” by the Hualapai Tribe lodged in the United States District Court for the District of Arizona. The complaint seeks (amongst other things) orders that the BLM violated the relevant legislation in issuing its approval and authorising the Big Sandy Lithium Project (“Big Sandy”) and is seeking to set aside and vacate the approval. AZL was not a party to the complaint however AZL’s motion to intervene was successful and it has been added as a party to the action and can assist with the defence of the complaint.

The Court granted an order that temporarily halted the authorisation granted by the BLM until a full evidentiary hearing. That hearing was held on 17 September 2024. The effect of that order was that exploration drilling at Big Sandy (Figure 6) was temporarily halted until the outcome of this hearing.

On 5 November 2024, the United States District Court for the District of Arizona handed down its decision and granted a preliminary injunction to halt the approval granted by the BLM for the Exploration Plan at Big Sandy until the case is fully resolved.



The Company notes that this is only a preliminary injunction, and amongst other things, all the plaintiff had to show is a reasonable probability of success on the merits, that there is a likelihood of irreparable harm and, as the government is a party to the action, the court had to consider together whether the balance of equities are in favour of the plaintiff and whether the public interest favours injunctive relief.

The Company is in the process of evaluating in detail the implications of the court's decision and its next steps and will update the market as required.



**Figure 6: Location of the Big Sandy Lithium Project, Arizona, USA**

### Events Subsequent to the Reporting Period

#### **At-the-Market Raise**

On 17 January 2025, the Company raised \$1,300,000 (inclusive of costs) by issuing 88,000,000 fully paid ordinary shares at 1.48 cents under its At-the-Market Subscription Agreement with Acuity Capital. The funds raised will be put towards detailed engineering design of the first production facility at Pad #1 of the Prairie Lithium Project.

The ASX Announcement is authorised for release by the Board.

### **FOR FURTHER INFORMATION, PLEASE CONTACT:**

Mr Paul Lloyd  
 Managing Director  
 Arizona Lithium Limited  
 Tel: +61 419 945 395  
[paul@arizonalithium.com](mailto:paul@arizonalithium.com)

### Competent Persons statement for Prairie and Registered Overseas Professional Organisation (ROPO)

Benjamin Sparrow P.Eng, Chief Engineer for Saltworks Technology Inc., reviewed and approves the technical information pertaining to the lithium carbonate test work within the release. He is a registered Professional Engineer in British Columbia, Canada, and has worked in the engineering field for 25 years. Mr. Sparrow is a Qualified Person as defined by 17 CFR § 229.1302 - (Item 1302) and has been involved in several pilot test programs, engineering design studies, and full scale projects regarding the commodity discussed in this release.

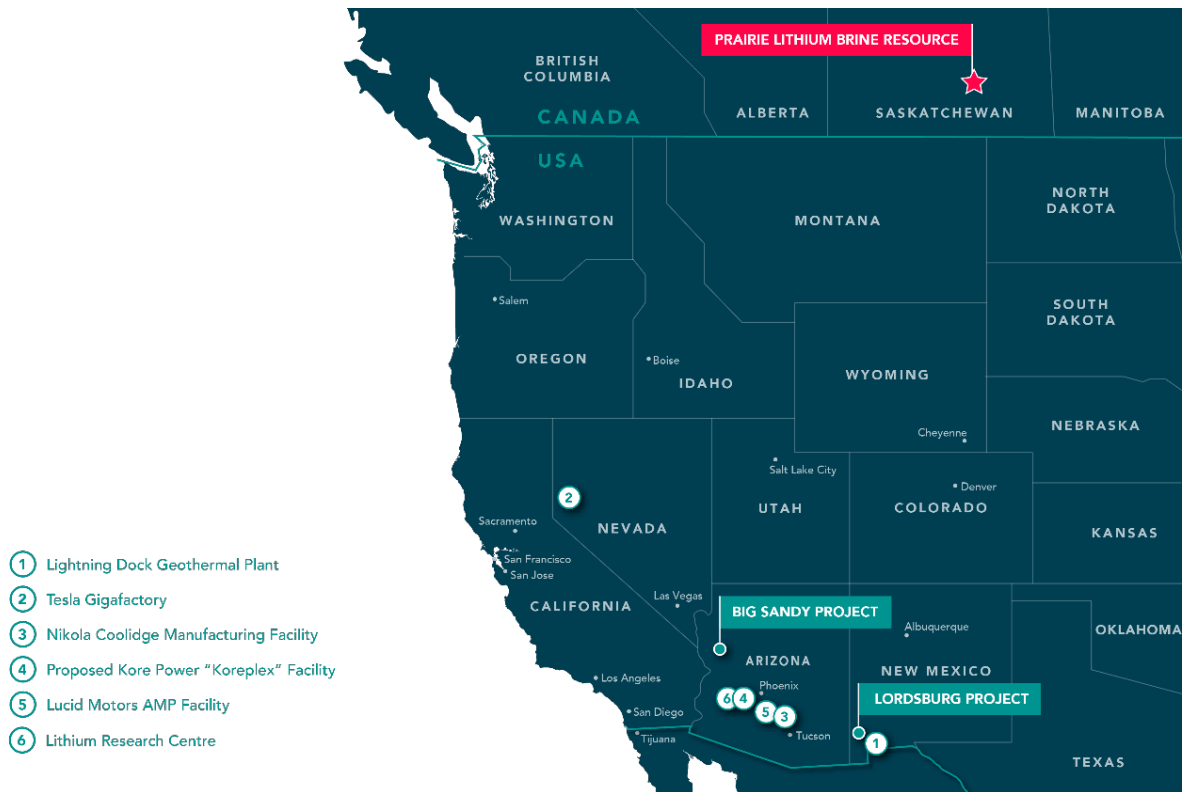
Gordon MacMillan P.Geol., Principal Hydrogeologist of Fluid Domains, who is an independent consulting geologist of a number of brine mineral exploration companies and oil and gas development companies, reviewed and approves the technical information pertaining to the resource provided in the release. 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 practicing as a professional in hydrogeology since 2000 and has 24 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. He has sufficient experience relevant to qualify as a Competent Person as defined by the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2012). Mr MacMillan 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 that relates Exploration Results or to Mineral Resources have been extracted from the Company's announcement released to ASX on 29 December 2023. The announcements are available to view on the Company's website: [www.arizonalithium.com](http://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.

### About Arizona Lithium

Arizona Lithium Limited is a lithium exploration & development company headquartered in Perth, Australia. The Company is currently exploring and developing its two main projects, the Prairie Lithium Project in Saskatchewan, Canada and the Big Sandy Project in Arizona, USA. The Company also has BLM claims for exploration near Lordsburg, New Mexico, USA. Arizona Lithium's main office and Lithium Research Center (LRC) in North America are located in Tempe, Arizona, with a field office in Saskatchewan.

## Project Locations



**Figure 7: Arizona Lithium's Project Locations**

For personal use only

## Appendix 1: Schedule of Mining Tenements

The following information is provided pursuant to Listing Rule 5.3.3 for the quarter ended 31 December 2024.

Project	Claim Number	Location	Interest
Big Sandy	WIK 21 to WIK 24	Arizona, USA	100%
Big Sandy	WIK 32 to WIK 35	Arizona, USA	100%
Big Sandy	WIK 43 to WIK 46	Arizona, USA	100%
Big Sandy	WIK 53 to WIK 112	Arizona, USA	100%
Big Sandy	BSL-001 to BSL-128	Arizona, USA	100%
Big Sandy	BSLII 009 to BSLII 035	Arizona, USA	100%
Lordsburg	LLP-211 to LLP-274	New Mexico, USA	100%
Lordsburg	LLP-283 to LLP-298	New Mexico, USA	100%
Lordsburg	LLP-307 to LLP-322	New Mexico, USA	100%
Lordsburg	LLP2-1 to LLP2-96	New Mexico, USA	100%
Prairie Lithium	S002/1	Saskatchewan, Canada	100%
Prairie Lithium	S004/5	Saskatchewan, Canada	100%
Prairie Lithium	S005/46-48, S005/58, S005/60	Saskatchewan, Canada	100%
Prairie Lithium	S008/31-35, S008/41, S008/49-54, S008/56, S008/69-74, S008/77, S008/86-89	Saskatchewan, Canada	100%
Prairie Lithium	S009/19, S009/24, S009/35, S009/39, S009/41-44, S009/50-53	Saskatchewan, Canada	100%
Prairie Lithium	<ul style="list-style-type: none"> <li>Canpar Holdings Ltd. File No. M043397</li> <li>Canpar Holdings Ltd. File No. M043398</li> <li>Freehold Royalties Ltd. File No. M043402</li> </ul>	Saskatchewan, Canada	100%

The following tenements were relinquished during the Quarter:

Project	Claim Number	Location	Interest
Prairie Lithium	S005/29	Saskatchewan, Canada	100%
Prairie Lithium	S008/29, S008/43-44, S008/46, S008/64-65,	Saskatchewan, Canada	100%
Prairie Lithium	S009/25, S009/27, S009/29, S009/31,	Saskatchewan, Canada	100%
Prairie Lithium	<ul style="list-style-type: none"> <li>• Canpar Holdings Ltd. File No. M043399</li> <li>• Canpar Holdings Ltd. File No. M043400</li> <li>• Canpar Holdings Ltd. File No. M043401</li> <li>• Freehold Royalties Ltd. File No. M043403</li> <li>• Freehold Royalties Ltd. File No. M043404</li> <li>• Freehold Royalties Ltd. File No. M043405</li> </ul>	Saskatchewan, Canada	100%

There were no tenements acquired during the Quarter.

For personal use only

## Appendix 2: Exploration Expenditure and Payments to Related Parties

In line with its obligations under ASX Listing Rules 5.3.1 and 5.3.5, Arizona Lithium Limited notes the following in relation to the period ended 31 December 2024 as advised in the Appendix 5B:

- exploration and evaluation expenditure primarily relates to work undertaken on the Prairie Lithium project (classified as investing) and the setup and operating costs of the Lithium Research Centre (classified as operating);
- the only payments to related parties of the Company pertain to payments to executive directors for salary and superannuation, non-executive director fees and consultancy fees.

For personal use only

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

**Name of entity**

ARIZONA LITHIUM LIMITED

**ABN**

15 008 720 223

**Quarter ended ("current quarter")**

31 DECEMBER 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(394)	(1,568)
(b) development	-	-
(c) production	-	-
(d) staff costs	(856)	(1,520)
(e) administration and corporate costs	(809)	(1,629)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	24	83
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	287	287
1.8 Other	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,748)</b>	<b>(4,347)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(44)	(346)
(d) exploration & evaluation	(9,423)	(15,859)
(e) investments	-	-
(f) other non-current assets	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	10,956	10,956
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>1,489</b>	<b>(5,249)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(35)	(58)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – security bond refund	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(35)</b>	<b>(58)</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,522	11,984
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,748)	(4,347)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,489	(5,249)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(35)	(58)

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	58	(44)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,286</b>	<b>2,286</b>

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,286	2,522
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,286</b>	<b>2,522</b>

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	403
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

Amounts shown at item 6.1 comprise of payments to related parties (or their associates) for director and administration fees paid during the quarter, including fees for services performed.

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. <b>Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other – equipment leases	217	217
7.4 <b>Total financing facilities</b>	217	217
7.5 <b>Unused financing facilities available at quarter end</b>		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Lenders: HYG Financial & Thermo Fisher Financial Services		
Interest rates: 5.5% & 4.99%		
Maturity dates: September 2025 to March 2028		

8. <b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,748)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(9,423)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(11,171)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,286
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,286
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	0.2
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: No. The nature of exploration activity is that it is discretionary and fluctuates depending on the relevant exploration program being carried out.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: On 17 January 2025, the Company completed a capital raising of \$1.3 million (inclusive of costs). In addition, the Company is considering a number of options that will be undertaken at the appropriate time to allow it to continue to fund its operations and the Board is comfortable that these initiatives will be successful.	

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes – conditional on the result of 2 above.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2025

Authorised by: The Board of Arizona Lithium Limited

(Name of body or officer authorising release – see note 4)

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.